

NOMINATION OF JAMES BARTON KING

Y 4. G 74/9: S. HRG. 103-432

Nomination of James Barton King, S....

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

NOMINATION OF JAMES BARTON KING TO BE DIRECTOR, OFFICE OF
PERSONNEL MANAGEMENT

MARCH 30, 1993

Printed for the use of the Committee on Governmental Affairs



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CONTENTS

Opening statement:	Page
Senator Glenn	1
Senator Roth	2
Senator Akaka	4
Senator Stevens	4
Prepared statement:	
Senator Stevens	4
Senator Kennedy	5
Senator Pryor	17

WITNESSES

TUESDAY, MARCH 30, 1993

Hon. Edward M. Kennedy, U.S. Senator from the State of Massachusetts	5
Hon. John F. Kerry, U.S. Senator from the State of Massachusetts	5
James Barton King, to be Director, Office of Personnel Management	7
Biographical and financial information	31
Responses to pre-hearing questions	45
Responses to additional pre-hearing questions from Senator Lieberman ...	77
Responses to additional pre-hearing questions from Senator Roth	78

NOMINATION OF JAMES BARTON KING TO BE DIRECTOR, OFFICE OF PERSONNEL MAN- AGEMENT

TUESDAY, MARCH 30, 1993

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9:35 a.m., in room SD-342, Dirksen Senate Office Building, Hon. John Glenn, chairman of the committee, presiding.

Present: Senators Glenn, Pryor, Akaka, Dorgan, Roth, Stevens, Cochran, and McCain.

Staff Present: Doris Clanton, Jane McFarland, Deborah Cohen (Senator Glenn); Susanne Marshall, Jeff Steger (Senator Roth); Edward Gleiman (Senator Pryor); and Pat Butler (Senator Stevens).

OPENING STATEMENT OF CHAIRMAN GLENN

Chairman GLENN. Today, the Committee on Governmental Affairs meets to consider the nomination of James Barton King to be Director of the Office of Personnel Management, OPM, as we refer to it.

To begin, I would like to make a few comments on the importance of this position that Mr. King, if confirmed, will occupy. The Committee on Governmental Affairs strives to promote Government efficiency, economy and effectiveness—good Government, if you will. An important ingredient for good Government certainly is in its human resources—Federal employees who must design and implement the policy for Federal management.

The Director of OPM is the chief personnel officer of the civilian workforce of the United States. The responsibilities and challenges facing our workforce are indeed enormous. One of the biggest goals of the Clinton administration is to change the face of the Federal workforce, and we need to do more with less and develop a civil service that is service-oriented and, as they talk about it, customer-driven.

The care and maintenance of our workforce must be entrusted to a Director of OPM that is resourceful and energetic and ready to meet the challenges of the position. Otherwise, the Government will not be able to provide for the welfare of the people that we are supposed to accomplish.

At the beginning of the year, as is the custom of the Governmental Affairs Committee, U.S. Comptroller General Charles Bowsher of the General Accounting Office testified regarding the

transition series reports and the high risk, or the critical issues facing the Federal Government, and he told us that investment in human resources for Government operations is one of those critical issues.

As we stress change, led by the American people, it is important to remember that our Federal workforce is comprised of dedicated, hard-working American people. It is neither faceless nor hopeless. It is things like the postal carrier who rings your doorbell to tell you you have an important package, or it is the research doctor who is struggling to help find a cure for AIDS. It is the clerk at the Social Security office who makes certain that the Social Security check goes out, and it is the forest ranger and park ranger who put out the fires and find the lost kids at the National park.

Our budget deficit and fiscal challenges and our efforts to downsize and restructure should never cause the Congress or the President to underestimate or undervalue the many dedicated civil servants to whom we owe an abiding gratitude of thanks.

James Barton King, a Massachusetts native, is a person with a lot of Senate staff experience, as one can guess from my distinguished colleagues who will shortly introduce him. Mr. King is currently the chief of staff in the Boston office of Senator John Kerry, and formerly he was a special assistance for the senior Senator from Massachusetts, Senator Edward Kennedy. So I welcome my good friends and Senate colleagues to the Committee and look forward to hearing from you.

The Committee rules mandate that an inquiry be conducted into the experience, qualifications, suitability and integrity of a nominee. The Committee has reviewed Mr. King's financial statements, as well as detailed information on his educational background, employment record, and professional achievements.

In addition, he has responded in writing to an extensive set of pre-hearing questions submitted by the Committee. These questions concern the duties and responsibilities of the OPM Director's position. Copies of the biographical information and pre-hearing responses will be placed in the record as part of this hearing and are available today upon request.

Chairman GLENN. Mr. King's financial statements are also available for inspection by the public in the Committee office. Committee staff have reviewed the nominee's biographical and financial information. In addition, staff have examined the financial disclosure report submitted by the Office of Government Ethics to ensure that no conflicts of interest are present. Senator Roth, our distinguished ranking member, and I, as Chairman of the Committee, have reviewed the FBI background investigation report on Mr. King. Finally, the nominee has been interviewed in private by designated Committee staff members prior to this hearing.

Mr. King, the Committee welcomes you. We look forward to your testimony today. Before we get to that, Senator Roth?

OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Well, thank you, Mr. Chairman. It is a pleasure to welcome you here, Mr. King, along with our two distinguished colleagues, Mr. Kennedy and Mr. Kerry.

As the Chairman has said, Mr. King brings a wealth of experience on how Government works. As the Chairman of the National Transportation Safety Board, he managed an independent agency. As Senator Kennedy's special assistant for 7 years and as the chief of staff in Senator Kerry's Boston office, he has experienced on many occasions, I am sure, the frustration of constituents who have had to deal with red tape and bureaucratic inefficiency.

The administration has promised change and President Clinton has expressed great interest in making Government more efficient and responsive to the American people. At the heart of these efforts must be a thorough examination of our personnel and management systems. Layers of bureaucracy have become mired down in the details of process rather than focusing on service to the public.

This is not a criticism of Federal employees, but of the system in which they operate. The employees I have worked with are very able and public-minded. Unfortunately, they are confined to a system in which regulations are the rule and creativity is stifled. I urge the administration to move forward with breaking down these barriers to free employees to seize the initiative. Ultimately, this is what will provide the basis for a Government more responsive to the public.

To meet the challenge of a more efficient, responsive Government, we must move forward with modern technology and communications in the workplace, but these advances require a workforce which has attained the skills to be able to use these tools, and this is the type of strategy we must focus on if we are to provide a Federal Government that can do more with less.

As a longtime proponent of a Government-wide early retirement window, I support the President's effort to reduce the workforce by 100,000. Frankly, I think it can go further through attrition. The Department of Defense alone is expected to be reduced by this amount. It is my belief that we can accomplish significant savings through greater reductions in personnel and use some of these savings to better compensate those employees who are the Government's top performers. This will provide for a leaner, but more efficient workforce that I know the President desires.

In order to have a Government that performs at the highest level, we must reward those employees who are top performers and provide guidance to those employees who are under-performing, and I know the nominee shares this view. There are other challenges which will confront the new OPM Director. Among them is a reform of our health program and how it relates to national reform efforts. As Mr. King knows, I have been working on legislation to reform the Federal employee system and I look forward to working with the administration in this effort.

In order to have a top-flight workforce that is competitive with the private sector, we must empower employees so that they feel part of our Government's mission. I know Mr. King shares this goal and I look forward to hearing from him this morning.

Thank you, Mr. Chairman.

Chairman GLENN. Thank you.

Senator Akaka, do you have any comments?

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Yes. Thank you very much, Mr. Chairman. I join you and my colleagues in welcoming Mr. King. I am pleased to have had the opportunity to speak with Mr. King on a number of Federal employee issues important to Hawaii and the rest of our Nation.

We are all aware that Federal employees will be experiencing change with this new Administration. President Clinton is asking Federal employees, like the rest of the Nation, to do more with less. The President's recent executive order calls on Federal agencies to reduce 100,000 Federal employees from their payrolls by the end of fiscal year 1995. The reductions are expected to come from voluntary separations, early out, and regular retirements. However, if these targets do not materialize, we need to ensure that the Federal Government shares in its responsibilities to retrain employees and assist in a transition from Federal service to the private sector.

We must also ensure that the Federal Government continues to recruit and retain highly qualified employees in a more effective, less costly environment. Federal service used to signify fair and equal opportunities to all Americans. However, this has changed. Recent studies on the effects of the glass ceiling on women and minorities in the Federal workforce and the current discriminatory EEOC process have eroded the confidence of Federal employees. The changes sought by the President and Congress need to protect equal employment opportunities for all, regardless of race, gender, or age.

I welcome you, Jim, to the Committee and look forward to hearing how you will address these and other issues of importance to our Nation's Federal employees as Director of OPM.

Thank you very much, Mr. Chairman.

Chairman GLENN. Thank you.

Senator Stevens?

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman, and I appreciate the opportunity to see Mr. King again. He has visited in my office with me and I am familiar with his work at the National Transportation Safety Board.

I would like to put my statement in the record, please.

Chairman GLENN. Without objection, it will be entered.

PREPARED STATEMENT OF SENATOR STEVENS

Thank you, Mr. Chairman. I appreciate your giving me this opportunity to welcome Mr. King. He and I had an opportunity to talk last week in my office.

Mr. King, you are about to take over this agency at a difficult period of time. Federal employees and retirees are upset that their pay and benefits are in danger. While employees and retirees are willing to sacrifice to help reduce the deficit, they feel strongly that they are being asked to bear more than their fair share.

On the other hand, Federal agencies are faced with a mandate to reduce Federal employment, through attrition as much as possible. However, that may not always be possible, and agencies will need assistance from the Office of Personnel Management as they consider alternatives to reduce employment levels.

There are many other issues you will face—the fate of the Performance Management and Recognition System (PMRS) which expires this year, the development of a separate pay system for law enforcement officers, the feasibility of a government-wide retirement or separation incentive, and the possible permanent authorization of the current leave-sharing program which also expires this year. Fortunately, you

will inherit a staff of extremely capable and qualified career Federal employees at OPM who, I am sure, stand ready to assist you in every way.

I look forward to hearing your opening statement and to your responses to what I expect will be some interesting questions from our members today.

Chairman GLENN. Senator McCain?

Senator MCCAIN. I have no opening statement. Thank you, Mr. Chairman.

Chairman GLENN. Thank you very much. We have two of our distinguished colleagues to introduce Mr. King today. We are glad to have their unbiased observations of Mr. King's qualifications, and we will start off with Senator Kennedy.

TESTIMONY OF HON. EDWARD M. KENNEDY, U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

Senator KENNEDY. Thank you very much, Mr. Chairman. I would like to put my full statement in the record.

Chairman GLENN. Without objection, it will be included.

PREPARED STATEMENT OF SENATOR KENNEDY

Mr. Chairman and members of the Committee, the association of the Kennedy family and the King family goes back about 50 years. His father was one of the very outstanding labor leaders in western Massachusetts in our State. He was a very early supporter that I got to know just after my brother was elected to the United States Senate in 1952.

Then through the period of the 1950's, when Jimmy King was a teenager, he was already locked into the concept of Government and public service and public life. His whole life has been involved in public service and in public life, and he believes very deeply in the fact that politics is a noble profession and that people that serve ought to understand that.

He is a person who brings a very varied experience to this job at the Federal level. He is someone who has worked very, very effectively as director of my office in the early period of the 1960's. He has worked in the White House on just the kinds of issues that he is being challenged to work on now, and he will apply that kind of extraordinary experience throughout the Government.

He has worked at the National level with the independent agencies, as Senator Stevens has mentioned. He has worked on the State level in the mass transportation agency at a critical period for that agency. He has had varied experience at universities, both at Harvard and at Northeastern.

In all of the things that he has been involved in, he has left an indelible impression and left all of those responsibilities in better shape than he found them. I think all of us are impressed by his organizational skills and his management skills. They have been amply demonstrated, and it is those kinds of skills which are in special need for this extremely important responsibility.

Finally, Mr. Chairman, he has a unique ability to encourage all the people that are working with him—not for him but with him—to work exceedingly hard and to love it, and they end up loving him. I think if he is able to capture that spirit among Government employees, his contribution to the Clinton administration will certainly be significant.

I urge, without reservation, his approval and I think the President is indeed fortunate to have his service. Thank you.

Chairman GLENN. Thank you very much, Senator Kennedy.
Senator Kerry?

STATEMENT OF HON. JOHN F. KERRY, U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

Senator KERRY. Thank you very much, Mr. Chairman, members of the Committee, colleagues. Listening to Senator Kennedy's introduction, I think he has covered the waterfront. Let me just, if I may, touch on a few additional points.

I listened to Senator Kennedy in his introduction talk about an indelible impression that Jim King has left, and he has exactly that—in more ways than one, in more places than one might imagine.

I don't know how many of you had a chance to read today's Federal Page in the *Washington Post*. There is one especially good anecdote, of Jim's service as an advance aide to Senator Kennedy when they were on a trip to Moscow in the 1970's. They were in Russia, and they had a particularly hard time obtaining the schedule from one KGB type who was managing their affairs, one whom they didn't like very much. The Soviets had come to understand that somehow Jim King had managed to find the schedule on a daily basis and that Senator Kennedy's party had been able to make their way, notwithstanding this one KGB agent who wasn't cooperative. They knew there was a leak and they didn't know where it was.

As they were leaving, Jim King went up to this guy he didn't like and whom they all felt was responsible for their problems, put his arms around him, gave him an enormous hug and a kiss on both cheeks, and thanked him profusely, loudly saying, "If it weren't for you, this trip could not have been a success." And the guy pulls back in horror, Senator Kennedy and his group depart, and that guy is still looking for Jim King to this day. [Laughter.]

Chairman GLENN. Still looking for a job, too, probably.

Senator KERRY. There are more stories of Jim King in his various incarnations as a pied piper of politics, and I think Ted Kennedy has hit the nail on the head. The Office of Personnel Management is about people and Government is about people. Bill Clinton obviously has set out to try to reinfuse into government an energy and a sense of inspiration about why we are all in this endeavor. Jim wants to impart this to our Government employees, and he wants to improve the process.

Jim King's life has been about just that, from his early days as an organizer in Brighton, Massachusetts, when he worked in some of the neighborhood action programs set up by Lyndon Johnson, to the larger playing fields on which he has had the privilege of serving his Nation, and I just can't say enough for the capacity to teach that he brings to his new assignment, Mr. Chairman.

When he announced that he was going to be leaving our office, there were many reasons that we were saddened, but a number of the younger members of the office came to me and said, you know, he has been a teacher to me, a very valuable teacher, and I think that one of the most important things a person could do in this business is create a whole new echelon, a new generation that learns the lessons, if you will.

One of the things we have started in my office which is new, and I think unique, and we have it thanks to Jim's efforts, is a constituent service corps. Because we are strapped today, because we have a government of fewer and fewer people at the same time we have more and more demand for government services, and there seems to be more separation between us as political people and people that we serve, Jim helped me to try to put together a rather innovative effort to take every community in the State and build a group of volunteers who want to be my link to that community and

who want to try to provide for constituent service on a volunteer basis and to represent me within the community. We have been very successful in building that effort, and obviously we are going to miss him in completing it, but it is illustrative of the kind of innovation and the kind of spirit that he brings to this effort.

As you look through his vita, you will see that when he was at Northeastern, at Harvard, at each of the way stations along his public service journey, he has always been the person who has helped to facilitate, to bring people together and to get widespread support for various changes or for various controversial programs. That is a rare talent, and I think President Clinton has chosen extraordinarily well in bringing him back to the Federal executive branch at this important time and I commend Jim very, very strongly to the Committee. He is a rare public servant, a very special human being, and I have been very privileged to have him work for me and with me—really with me rather than for me, and I look forward to continuing to work with him in this new role as he serves our Nation.

Chairman GLENN. Thank you, Senator Kerry.

Senator KERRY. I apologize for having to leave, but I complained about no one showing up at a hearing, so I must be the one who is there this time.

Chairman GLENN. Thank you, Senator Kerry.

Senator Dorgan, do you have any comment to make before we swear the witness here?

Senator DORGAN. No.

Chairman GLENN. We have to have this as sworn testimony. Do you swear the testimony you are about to give is the truth, the whole truth and nothing but the truth, so help you God?

Mr. KING. I do.

Chairman GLENN. I didn't know whether you had any special friends or family members here with you today.

TESTIMONY OF JAMES BARTON KING, TO BE DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT

Mr. KING. Mr. Chairman, unfortunately, I have been traveling back and forth and I have five children and my spouse, of course, and what I did was we added it all up and we thought we would reward ourselves by going out to dinner, if the Senate is gracious enough to pass me. So they opted not to be here today so that we could feed together in another location. [Laughter.]

Chairman GLENN. I have some questions that we have to ask of all nominees for the record, whatever job they are going into, and I will get those right now. Number one, is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. KING. No, Mr. Chairman.

Chairman GLENN. Two, do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. KING. No, Mr. Chairman.

Chairman GLENN. If confirmed, do you agree, without reservation, to appear and testify before any duly constituted committee of the Congress?

Mr. KING. Yes, Mr. Chairman.

Chairman GLENN. Fine, thank you. Historically, limited civil service salaries relative to private sector wages have been offset by other benefits of Federal service such as job security and retirement benefits. However, for more than the last decade, Federal employees and retirees have become yearly targets in the drive to reduce the Federal budget deficit. The benefits of Federal service have been reduced and job security is no longer associated with the Federal Government as much as it was at one time. It seems that what is left in terms of pay, benefits and job security is threatened on an annual basis every time Federal budget negotiations begin.

I would like to get your comments on this and what you think about it, and how do we expect to find highly motivated people who want to work for the Federal Government. Let me just add before you answer that this Committee has taken the lead in trying to get civil service pay up to where it should be. We started back some years ago when comparable pay in the Government was about 26 percent below comparable civilian pay and we had it worked up. Now, we are being cut back again. We had passed the Pay Comparability Act of 1990. Now, that is being held in abeyance.

What are your comments on this? How do you expect to attract highly skilled people into Government?

Mr. KING. Well, I would like to think, Mr. Chairman, that one of the barriers has been the method that the Government uses to recruit people. I think there have been a number of reports which the Committee has seen, but it is a most challenging thing.

If you go out and you see the way the Government approaches—let us say, if we are talking about the university and college recruiting programs, first of all, you send a recruiter who doesn't really recruit. What that individual does is tell a senior at the end of 4 years of college or a graduate student at the end of 6 or a Ph.D. candidate at the end of possibly 8 years of rigorous activity within the academy, I am from the Government and guess what I have got for you, another exam.

I would hate to say it, Mr. Chairman, but I don't know how many people respond affirmatively at the moment of commencement that, in order to take a look at their next job, they need to take an exam. When General Motors or General Electric or any of corporate America who is in there is saying, hi, I am from this particular industry, this particular place, I am here and I can talk with you and I have the authority to bring you into my corporation; I can talk to you straight, I can make an offer, we can talk about whatever kinds of concerns you have and I can move you into a career if we mutually agree upon it.

I am merely suggesting, Mr. Chairman, that the present recruiters from the Federal Government, with some outstanding exceptions, don't have that luxury. Now, can that be done under present law? I believe there is some flexibility there. It has to be expanded, but one of the things that has to be done is to create a welcoming force.

I don't think there are too many people who would disagree that our present process, at the recruiting level, is not streamlined, and it is surely not designed to attract people, *per se*. It shows you the hurdles and how you might deal with those hurdles.

It is interesting to note that the highest level of enthusiasm among Government recruiters, and I believe the highest rate of success, comes from those Federal organizations that have a waiver under the present system that the rest of us operate under, and I find that fascinating. I am talking about CIA, FBI, NSA, etc.

If you look at the amount of recruiting that goes on and how successful they are, because they deal directly with the individual and they deal with them on an individual basis—and I don't think we have to waive diversity concerns or any of the other things that are within our governmental process in something like this. I think we are going to have to look at the way we recruit and I think there has to be a willingness and an ability to bring people into Government with a commitment, number one, that they will be working with the agency of their choice.

All too often, we talk about Government as some sort of a generic thing. We are talking to individuals who see themselves in their relationship to their place of employment, and this isn't done very effectively because of the kinds of things we do when we go there, sir.

Chairman GLENN. Just after I asked my question, staff reminded me I had not let you give your opening statement yet, which I am remiss in doing. If you have an opening statement, we would welcome it at this time.

Mr. KING. The Chair is never remiss. I thought you were permitting me to loosen my vocal cords before I went to a very brief opening statement, which I am very grateful for.

Chairman GLENN. We will use that as an introductory to your statement. Go ahead.

Mr. KING. Thank you, Mr. Chairman. Mr. Chairman and members of the Committee, I am pleased to appear before you today as President Clinton's nominee for Director of the United States Office of Personnel Management. I am proud to say that I have spent most of my adult life as a public servant and I have immense respect for the work of our public servants, wherever they are.

Almost all of my years of working with the United States Senate have been spent managing home State offices where constituent services are delivered to the public. From this experience, I take with me the perspective of evaluating Government performance from the bottom up, through the eyes of the public who look to us for service and the front-line workers on whom we rely to provide it.

During my service as Federal agency head, I made productivity the measure of our performance and I am proud of the results. From this experience, I understand firsthand the challenge now facing the Federal service, redirecting Government to do more and spend less, while maintaining the dedication and the commitment of our Federal workers who get the job done.

If confirmed, I would bring to the Office of Personnel Management two fundamental principles. First, the agency's focus must be long-term. Our challenge will be to equip Federal workers and

managers to meet the President's and the public's expectations for the coming years, to become smaller but more productive. We cannot meet these expectations without the participation of the workers and the managers who deliver the service. We must support them by reducing bureaucracy—a wonderful phrase for red tape—and creating a workplace that combines flexibility in procedure with accountability for results. We must make Federal workers part of a team once again.

The Office of Personnel Management should play a central role in this Government-wide transformation. In matters of management, OPM's orientation should be direction and support of Federal agencies, not micromanagement by rule. But even as we put more decisionmaking authority into the hands of our workforce, OPM must assume leadership and oversight for policies and programs that the President, the Congress, and the public expect will be indispensable throughout the Government, planning for the changes in our workforce in the years ahead, maintaining our commitment to diversity, and providing the technical and training leadership for new programs we must put in place. I also hope to lead by example and make OPM a model agency for better performance, reduced cost, and less bureaucracy.

My second fundamental principle is briefer, Mr. Chairman, and that is that our focus must be external. OPM's mission is to provide leadership and policies that produce better public service. Too often, the debate in Federal service has been internal between management and labor within an agency, or between OPM and the agency managers over arcane provisions of the Federal Personnel Manual. This must change and I hope to be able to build among all the participants a sense of common purpose of public service.

Finally, as part of the external focus, I would be proud to act as the public spokesperson for Federal workers and managers to rebuild public respect for the importance of public service and the value of public servants.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF JAMES B. KING

Mr. Chairman and Members of the Committee:

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I am proud to say that I have spent most of my adult life as a public servant, and I have immense respect for the work of our public servants.

Almost all of my years working in the United States Senate has been spent managing home-state offices, where constituent services are delivered to the public. From this experience, I take with me the perspective of evaluating government performance from the bottom-up—through the eyes of the public who look to us for service and the front-line workers on whom we rely to provide it.

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If confirmed, I would bring to the Office of Personnel Management two fundamental principles.

First, the agency's focus must be long term. Our major challenge will be to equip Federal workers and managers to meet the President's and the public's expectations for the coming years: to become smaller but more productive. We cannot meet these expectations without the participation of the workers and managers who deliver the service. We must support them by reducing bureaucracy and creating a workplace

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Finally, as part of an external focus, I would be proud to act as the public spokesperson for Federal workers and managers—to rebuild public respect for the importance of public service and the value of public servants.

Chairman GLENN. Thank you, Mr. King. We will consider my original question the first round.

Senator Roth, I understand, wanted to yield to Senator Stevens, who has to go to another meeting.

Senator STEVENS. Well, thank you very much, and as I said, Mr. Chairman, I appreciate the opportunity to be here with Mr. King. I thank you for your courtesy, and Senator Roth, too.

In my State, Mr. King, the cost of living allowance, COLA, concept is one based on geography where we have an addition to the base salary for people who serve in Alaska. The changes in that system have been suspended now in order to review a series of things, including locality pay.

The administration has recommended a delay in the implementation of the locality pay concept and the basic new Act that we put into effect. What is the status of the preparation for locality pay, and have you had any input yet into OMB with regard to locality pay?

Mr. KING. None, Senator.

Senator STEVENS. Well, I would hope that you would work with Congress, including those of us from Alaska, in terms of the revision of that methodology because we had high hopes that it would be able to fill the gap on the COLA provisions and be a fair way to adjust salaries for those people who have very high costs because of specific geographical conditions. But now it may be delayed and I am afraid we will come to the end of the time for the suspension in change of COLA itself and not have the experience of the locality pay provisions we anticipated.

I would very much like to discuss that schedule. The schedule was to go into effect in 1994, but now I understand that is not going to be done. So if you can keep the Committee informed, I would appreciate it very much.

Mr. KING. Yes, Senator. I will get back to you on that.

Senator STEVENS. Thank you very much. Mr. Chairman, I am pleased to see Mr. King take this position. I know his work with NTSB, as I said, and I think, having been on the firing line for a Senate office in home State, he knows what we face daily. So it is

nice to have someone down there that understands those problems of Federal workers. I appreciate it very much.

Senator ROTH. Mr. King, President Clinton has expressed his goal to change the culture of our national bureaucracy away from complacency and entitlement toward initiative and empowerment. It is my strong feeling that there are just plain too many rules and regulations which stifle individual initiative.

If employees are too concerned that they will be criticized for not following some rule, the result is a workforce which is unwilling to take a chance. What can we do about that? What can we do about these many rules and regulations? How would you proceed?

Mr. KING. Well, the first thing that I would do is at least take a look at them and see whether—virtually every rule and every regulation has a reason for being there. They all have a history, as the Committee very well knows. Does that reason still exist? Does the need still exist for those particular sets of rules or regulations, and then can they be translated?

I mean, as you read the several thousand pages that are supposed to help a front-line manager make decisions, I am absolutely fascinated that the front-line managers can function at all, and generally it is those who have either been clever enough or have stayed out of the limelight far enough that become most successful. They bend the rules, they do whatever it takes to get the job done. Are the rules really helpful? Certain of them are, certain aren't. Generally, no one wants to take them on.

There is also—as you suggest, I think there is an ethos in a number of places, not only Government, but surely it exists in Government, where someone once said to me, if you remain motionless there is a good chance you will rise. I mean, that is a great thought for a hot air balloon. I am not sure that it is the way that we should operate a personnel operation, and I don't think it leads to any sort of dynamic effect such as we are looking for.

What you are talking about, though, is risk-taking, and when you take risks, as you well know, Senator, and the Committee knows, there is a chance of failure or there is a chance, because we live in an imperfect world, in an imperfect life setting, that things aren't going to be a hundred percent complete; they will come in at some portion.

Often, when we live in the spotlight, it is terribly unforgiving. If you don't get 100 percent right, then you are 100 percent wrong and you are abused, so that it doesn't enhance managers who are prepared to take risks. And then, of course, sometimes within this ethos, if you remain motionless and you watch those who remain motionless rise, is there a message? If those who take risks are abused, they are singled out, they are put in that spotlight, does that indicate, then, that you would like to be a risk-taker in your agency?

I think what we have to do is redesign the rules for front-line management rather than for the third level of an appeal in some court. I would like to see whether we could reduce and shrink this material and put it into modern communications so that I might sit down with my PC, interact with it to help me in problem-solving; rather than tell me what I can't do, that it could address what I can do and how to go about it in reasonable and simple terms.

I don't mean that life is going to be set up in a series of cookbook terms, but I think that we should be able to give some decent guidelines to decent people who are out there trying to get the job done. But you also are going to have to change the spirit, and the spirit has got to be a sense of collaboration that somehow we have a collective neck, and I am not sure that we have done that, sir.

Senator ROTH. Don't we have to have some way, some means of rewarding those who perform? I agree with you that the system we have now is too much just float on up and make sure you don't violate any rules, don't take any risks. Part of the problem is up here on the Hill because we bring about the creation of these many rules and regulations because of some bad performance in the past. So how do we get out of this system that does not promote creativity, initiative, or performance?

Mr. KING. We have got to review it, and that is really part of our responsibility to review those areas.

Senator ROTH. What about compensation? Should we better recognize performance? If so, how do we do it and how do we avoid bonuses or whatever incentives are being used from being political? How do we deal with that aspect of the problem?

Mr. KING. Well, one of the things you establish is accountability. Who is doing it? I mean, if it is being done at a Cabinet level, you pretty much hit the wall. That is a separate issue and that has to be dealt with at the highest level. But if in the internal systems we aren't really rewarding performance—if it has become an old boy network or a combination of friendships—then I think obviously the system is being corrupted and we have to address that.

What can be done is what is being done in successful agencies, where there are very clear agreements of objective material that is supposed to be done within that work year and then that is checked off. You know exactly where you are.

Senator ROTH. Well, I have, I think, time for maybe one more question.

Chairman GLENN. Sure. Go ahead.

Senator ROTH. As a longtime proponent of a Government-wide early retirement window, I was interested in the President's goal to reduce the Federal workforce by 100,000. Frankly, I think we can go further early by early-out or attrition. I don't think we should embark on any other kind of program, but I believe we can accomplish significant savings through greater reductions in personnel and use some of those savings to pay better those employees who are top performers. This would result in a leaner, yet better trained, educated workforce, which I think is critical if we are going to utilize modern communications and technology.

Do you believe that we can provide better, more efficient service to the American people by so removing layers of bureaucracy?

Mr. KING. Yes.

Senator ROTH. You remind me of Mike Mansfield. What do I say next? [Laughter.]

Senator ROTH. I like your answers. Thank you, Mr. King.

Mr. KING. Thank you, Senator.

Chairman GLENN. Thank you. Senator Cochran?

Senator COCHRAN. Mr. Chairman, let me join the other members of the Committee in welcoming Mr. King to our hearing and wish-

ing him well as he assumes the duties of Director of the Office of Personnel Management.

I ran into one of my good friends who worked in the Carter White House with you as I was walking up the stairs to the hearing room and he gave you a very glowing endorsement, very sincere, and complimented you in a way that I think would please you, and it corroborates my own view of your qualifications for this office. I enjoyed visiting with you before today on the subject of Boston and its environs that I came to appreciate when I was in the Navy and stationed in that area.

I know you have some tough challenges ahead, one of which, I suppose, is to lift up the morale of those who work in our Government. I get the impression that, for all kinds of reasons, there is a good deal of disenchantment among those who work for the Government right now. It is in vogue and probably more politically correct to criticize the so-called bureaucrats and to be tough on them in lots of ways, but I don't know that we gain anything from just bashing the bureaucracy.

I would much rather try to look at ways to improve the work product, the efficiency, the accountability, the sense of professional pride that many have and are justified in having. So, to me, it is a challenge of trying to get the best out of what you have in the Federal Government today, and I wish you well in that effort.

Do you have anything in mind that you have thought of based on your experience when you worked in the Office of Presidential Personnel? I know that is not the same thing as the Office of Personnel Management, but you were in a personnel position in the Carter White House. Or do you have anything in mind based on your experience in your efforts to intercede in behalf of constituencies in your State that might improve the situation in terms of output, efficiency, accountability, and all the rest to make our civil service a better civil service?

Mr. KING. Senator, I think the thing that has struck me over the years is that people who have gone into career Government and non-career Government for over 20 years have been the abused. Basically, the people who have run at more senior levels for political office have often scapegoated Government, and therefore the servants of Government. This has been going on for almost a generation, so that there isn't a sense of pride or a sense of honor in serving your fellow humans in a context of government.

Somehow, there has been an image created that if you could you would, and if you can't you go to Government. That is the thing we can turn around, that is the thing we can address. We can address it in a number of different ways, but we can't address it alone in salaries. We know a number of people who work for very modest wages, but because they get so much psychological lift out of the work that they do they are prepared to go on for a long time with an understanding that they are going to live on very modest sums. They view the work they do as so important, and it is recognized from outside as being important, and the reward from that is something that we never quite can weigh.

But we do know the shower of abuse, the butt of so many jokes that public employees receive. That, I would like to turn around. That, I would like to address full on, that I believe we set it as

what it is. Public service is an honorable profession, it is something that someone can proud of, and it is something that a young person can go to their family and say, mom, dad, I have decided that I would like to go into Government work, and not have them look at them as if somehow they have failed their family, their community, and the education that they struggled to receive. That is the part that is the disgrace and that does not fall on the public employee.

Senator COCHRAN. The fact that the Senior Executive Service was created and other bonus provisions were written into the law to reward those who are especially competent and do an especially good job, to me, was a step in the right direction. The area of the management of the civil service, to me, that still is in need of some attention is this: How do you deal with the incompetent manager and the person who is unfit for the job in which they serve or have been promoted.

I know that when President Carter was in office, I recall that that was one of the areas of emphasis that he personally talked about and worked toward doing something about. I don't know what happened, but it didn't fix it. There may have been some marginal changes that improved the situation. I am not that much of an expert in this area, but it seems to me that over time we heard President Reagan talking about the need for reform in this area. I can remember when Dan Devine was in the job that you are going to assume. He worked very hard to try to make some modifications, and for various reasons things didn't get done.

If we have got gridlock now, we had a lot of gridlock back then, particularly when the Congress was dominated by the Democrats and the administration was run by the Republicans. Very little got done in a lot of areas because of gridlock, and I am not blaming anybody for it, but that seems to me to be an area that is still fertile for some good work in the fields. I wonder if you have any ideas about how to deal with that aspect of the problem.

Mr. KING. I will give you firsthand experience. When I worked in my last agency, we had worked out the performance agreements, what excellence meant on a productivity scale, and in that operation they had a rather senior individual. We will protect the guilty by leaving everyone nameless, but I very simply said to them, I saw the review you did on this individual, you gave them a superior, they are basically non-functional, the work they do is basically that of a go-for, that is a disgrace, how can you do that?

The individual, by the way, was very candid, very truthful and very forthcoming. He said, he is my friend, we have worked together for years and I am not going to do anything that is going to hurt him or his family. I thought that was a very candid response. I said, then you have a decision to make. You will have an unsatisfactory rating from me next year. There will be someone new sitting in your chair and they will rate him fairly and then he will be gone. Now, the question before you: do you wish to leave before he does? That individual went back, reviewed his own appraisal, and I will tell you, within 3 years, got one of our major bonuses because once he understood the game was over, the ethos in that agency had changed and people were going to be held accountable, and whether I liked you or not didn't make any difference—

if you delivered, I delivered. It was that simple, and friendships that came out of that, they were a bonus.

Senator COCHRAN. Thank you, Mr. Chairman.

Chairman GLENN. Senator Pryor?

Senator PRYOR. Thank you, Mr. Chairman. Mr. Chairman and colleagues and Mr. King, I have watched for the last several weeks, as all of us have, a new administration trying to find the right people for the right jobs and the right slots, and so forth, and I don't think that any appointment that I have had the privilege to observe go through the system has been a better fit than the nomination of Mr. King to be the head of the OPM, Office of Personnel Management.

I have never seen such high expectation, I might say, Mr. King, and sometimes that becomes a burden, but the expectation for you is very high. As Senator Cochran has said, just in the last few days I have heard so much enthusiasm about your nomination. I wanted to pass that on, and I too share that enthusiasm.

We have had a lot of discussion in the last several years about trickle-down economics, and I think that you probably epitomize trickle-down enthusiasm. I think we are going to see trickle-down enthusiasm from the top of OPM, and I also think there is a part of our Federal structure in which the morale, I am afraid, is very low. If anyone can increase that and provide hope to the employees and provide a reason to be a Federal employee, to restore honor in that profession, I truly believe it is going to be Jim King. You have a great challenge and we look forward to working with you.

Now, I remember about three summers ago I had several interns here, along with our colleagues. Most of us have an intern program. I had several college interns and for a couple of weeks I didn't know what to do with them, to be honest with you, so I decided that it might be good just to get an idea of how easy or how hard it was to get a Federal job and the reaction from the Federal agencies to bright, young college students who were getting ready to be seniors, and what the attitude in the agencies around town might be.

So we sent five if I am not mistaken, of these very smart young people out to the various Federal agencies and they spent 2 weeks interviewing and being interviewed, and they finally came back to this Committee and testified, and I must say it was pretty abysmal. The people that they tried to interview with would cancel appointments. They would be very discouraging. They would say, "oh, you don't really want to work for this agency, you don't want to be a Federal employee," and they seemed to put every obstacle up that they could think of to make it less honorable to become a Federal employee than to enter the private sector. All I see out there is real sadness and gridlock, and I truly believe that you are going to be the one to help us do this.

Now, this next comment I am going to make—I don't want my colleagues to listen; I want them to close their ears while I mention this because they have heard me talk about it so much, I am almost embarrassed. Please look at the continued reliance on contractors—\$46 billion 10 years ago, \$103 billion today, of Federal contractors, of service contracts, which I think truly has gone a long way to help demoralize the Federal workforce.

Having someone sitting at the next desk doing the same thing, or not as much as the Federal employee, knowing that person is being paid twice or three times as much as the employee, not covered by ethics rules, not responsible basically to the overseer—I think that this has created in itself a real problem, and I really share with you my support and also my hope and enthusiasm for your appointment.

Mr. KING. Thank you, Senator.

Senator PRYOR. Now, I was supposed to ask a question, but I made a speech and I see the green light is still on. Maybe you will want to respond. If you don't, I will yield back the balance of my time.

Mr. KING. You have said it, Senator.

Senator PRYOR. Thank you, Mr. King. I yield back the balance of my time.

Chairman GLENN. Go ahead and ask some questions.

Senator PRYOR. I am through, but I do have a statement for the record, Mr. Chairman.

Chairman GLENN. It will be so included.

PREPARED STATEMENT OF SENATOR PRYOR

Mr. Chairman, I am pleased to be here today regarding the nomination of Jim King to be the Director of the Office of Personnel Management (OPM).

Mr. King will be taking control of OPM at a very difficult time. The struggle to get our massive Federal budget under control has enormous implications, both good and bad, for Federal employees. President Clinton and Vice President Gore have reached out to Federal employees to take advantage of their expertise and ask for help in making our government work even better. At the same time, downsizing, particularly at the Department of Defense, has made this a time of uncertainty for many workers.

OPM can, and should, play a role in these efforts. OPM should provide the leadership and guidance to show agencies how to deal with changing situations and plan for the future.

There are many issues that Mr. King will have to address immediately. The future of pay reform and the timing for the implementation of locality pay is uncertain. The current health care reform effort will inevitably impact the Federal Employees' Health Benefits Program in some fashion.

I also believe OPM should be more active in working with OMB to helping agencies learn how to use and manage contractors and consultants. The use of contractors was once considered almost solely a budget issue, however, today it must also be considered a personnel issue. GAO has pointed out that while Federal spending has increased by more than 250 percent (in constant dollars) over the last forty years, the number of Federal employees has stayed roughly the same. The amount spent on service contracts, just one part of our contract spending, has increased from \$46 billion in FY1980 to \$103 billion in FY91. The Comptroller General has said:

[T]he results of most Federal programs are increasingly a function of the quality of performance by non-Federal entities—state and local government, private contractors, profit and nonprofit organizations—that do not necessarily share Federal program objectives.

The government's heavy reliance on contractors raise the issues of conflict of interest, cost effectiveness, and accountability. In all these areas, contractors may create more problems than they solve. Since contractors now often serve to replace, rather than supplement, Federal employees, we must develop new strategies to manage them.

I look forward to working with Mr. King on these and many other issues. Thank you again, Mr. Chairman, for holding this hearing today.

Chairman GLENN. Tenure in office—well, let me ask a question first about political appointees and your relationship with them. OPM is normally looked at as really running the whole civil serv-

ice. What is your relationship and how much control do you exercise over the political appointees? Will they be considered just in the same light as civil service when they are in office and holding a position?

Mr. KING. I am basically a gatekeeper; that is, I can put them on the payroll. Our agency puts them on the payroll. I probably will have little, if any, input because it is a separate operation in the White House that manages that. Generally, what I do is I hear about it probably at the same time you would; that is, through the paper, or I am notified that they are to be put on the payroll.

I view the career service in a totally different context. That is a merit system. It is based on a whole different set of assumptions, and that I am responsible for, too. So I work with one group to act as a facilitator and I work with the other group as a facilitator, but in a totally different context.

Chairman GLENN. The reason I ask is the President has a policy now of no revolving door in under 5 years and a commitment that people coming in as political appointees will not come back in and lobby 5 years after their employment terminates. I wrote the President a letter on March 24 on something I had talked to him about briefly at the White House back some weeks ago, but it is along a different line, and that is I am far more concerned about keeping people in Government long enough to do the job they are supposed to do.

At one of our meetings at the White House, I had mentioned this just in passing in reference to something else. I thought we had had testimony before this Committee that the average political appointee only spends 19 months in Government and that this had recently gone up to 21. So we are moving in the right direction. It turns out that was one particular report, but I asked the GAO, Charles Bowsher, to look at this thing and he sent me back some charts on this—I will give you a copy of this a little bit later here—on the tenure in Government.

Just to pick a couple of points off of these charts, as I did in my letter to the President, at the end of 18 months—31 percent of the political appointees have departed Government at the end of 18 months, almost a third just in 18 months. Fifty percent of the appointees are gone in 27 months or less, half of the political appointees, and nearly two-thirds were out in under 36 months. Now, those are figures from the last 10 years, so it is not just a 1-year anomaly here. This is a very major problem.

Now, figuring that it takes a new appointee 2 or 3 months or 3 or 4 months to really get the lay of the land and find out who to deal with and how to do the job—and when they get to be a short-timer and they know they are leaving Government, that is another couple months of effectiveness gone. So if you say tenure effectiveness, those figures are cut down by another 4 to 6 months, depending on the person.

I just think that is ridiculous. I think we should be requiring these people—and I know you are not going to be primarily in the political appointee business, but you will be administering some of their work, certainly, and I don't know how you move to keep people in Government or get a commitment before you appoint them, but I would think one of the more constructive things they could

do in their appointment process is get a commitment of people to stay for the tenure of the President, at least the term. If he is running for reelection and they want to get out at that time, well, OK, fine. That is a good time to change, but I think there should at least be a commitment of people to come in not to just get their ticket punched and get another line in their resume some place.

This obviously is not a question. That is a little mini-lecture, but I just think whatever you can do to influence that around the White House would be very constructive for making Government operate properly.

Mr. KING. I always agree with the Chairman, but I would also submit that there is a two-edged sword. Think of the number of times that you have had a sense of relief upon hearing of the departure of some of these folks, Mr. Chairman. [Laughter.]

Chairman GLENN. I could ask you, do you plan to stay for the duration of the President's tenure, unless asked to leave?

Mr. KING. That is his decision. I am here for the tour, sir, as long as the President would like to have me and you feel I am doing the job. I think it is something I would stay for.

Chairman GLENN. That is fine, good. Do you think we need any general overhaul of the civil service, as such? The last civil service reform was in 1978. Now, that is 15 years ago. Do you think there should be an overhaul of the civil service? We get a lot of criticism of it, some you stated yourself a little while ago. People stay in and they get ahead by doing as little as possible. Don't make waves; that is the way to get ahead. Do you think we need a Civil Service Reform Act again to alter some of this?

Mr. KING. I would like to look at it and I would like to see whether we could make it user-friendly for the managers. I don't know at this moment what that would take. Obviously, it is going to take legislation, but I would like to come to you with something I believe would work at the workplace, that both the workers and the people who are managing can agree on in concept, that will be user-friendly to the managers and to the people who must provide the service.

All too often, things are done to make it manageable for people like myself who want arcane procedures so that becomes my power base. I think what we have to do is to split those power bases and bring them out so that people know what you expect of them, you hold them accountable, and then you give them the tools by which they can do the job.

The most frustrating thing in this world is to get the first two out of the way and then not provide the tools, and that is where you really see anger and frustration in action, and you have seen it, Mr. Chairman. You have seen it in action in agencies up and down the line where they feel they can't be responsive to you and to the circumstances that many of your constituents find themselves in, and if they can't be responsive to the U.S. Senate, how would you like to be the poor individual who is standing in Cleveland, or where have you, trying to be a supplicant to an agency that is non-responsive?

Chairman GLENN. What I was thinking about was the Civil Service Reform Act of 1978 authorized Federal agencies to participate in experiments with classification, pay, performance systems. There

was quite a wide authority to do some experimenting in this area. Now, there were some experiments carried out, like China Lake. I don't know whether you followed that one or not—a lot of leeway given in that case to promoting, to letting people go that just weren't cutting it in the job. It was a real experiment.

It has been both praised and castigated, depending on whether you look it from inside or outside, I guess, but I think the general feeling was that it made some strides there that should be looked at toward expanding. That is what I was thinking about was some experiments like that to see whether we can move to more efficient Government.

Mr. KING. I suspect that I was smelling fresh air. Thank you, Mr. Chairman.

Chairman GLENN. Thank you.

Senator Cochran?

Senator COCHRAN. Mr. Chairman, just a couple of other questions. One has to do with the employee health benefits program. The Office of Personnel Management administers this Federal health benefit program. The other day, I happened to be in my State of Mississippi speaking to an association of Mississippi pharmacists. They raised a question with me that I bring up to you. It was their concern that the way this program is now being administered, the small-town independent pharmacists are having a tremendous amount of pressure put on them, and they fear that this is going to get worse in the months and years ahead with possible health care reform and the like, because Blue Cross/Blue Shield, for example, under this program puts out for bids to pharmacists the opportunity to be on a list where you would get a higher percentage of your drug bill reimbursed if you bought from certain pharmacists, whereas from other pharmacists you would get a lower percentage of your bill reimbursed by the carrier. I think the difference is 85 percent in the top tier, 65 percent in the second tier.

The concern is that this may be replicated in a national program, and if it is, then a lot of small-town pharmacists that can't compete with the drug chains or with the Wal-Mart stores that have drug-stores now being put in them fear that they are going to be driven out of business.

Is there a problem here that you see? What is the role of OPM in trying to look into this and be sure that the decisions are being made fairly and not discriminating against the small-town drug-gists?

Mr. KING. I think, as I understand it, the Federal program had suggested that they look at—I believe 13 percent of the costs go into pharmaceutical purchases. Could they get those pharmaceuticals cheaper and how could they go about doing it? I think what they did is they have developed a process in which they feel they can save \$100-plus million by going about it this way.

I believe a letter from Senator Pryor and several of his colleagues was sent to the agency, and this is hearsay, Senator. I haven't been over there. By the way, that is something you should be aware of. I have been basically sequestered from the agency. I mean, I have been briefed, but I have physically not been there except for walking into the garage for about 30 minutes on a weekend because I

had some materials I wanted to get. So I don't have the intimacy that other nominees may have had, you know, who have been put on agency payrolls as consultants. I have been employed still in Massachusetts. I drive down here for these kinds of events on a non-reimbursable basis.

Senator COCHRAN. Well, maybe what I should ask is would you look into this and see if you think the——

Mr. KING. Absolutely. By the way, there is a—the answer is yes, Senator.

Senator COCHRAN. On the second subject, I am curious what you think about the Hatch Act reforms that are being requested of the Congress. This is an area where I feel that we may have overreacted to the fear of politicizing the civil service to some extent, but I still feel that there ought to be some restrictions.

I don't know the extent to which you have had a chance to look at the specific requests for change and made a judgment as to whether you think the bill that is being pushed goes too far or is inappropriate in some ways. I think from a manager's point of view, the last thing you need is another headache in terms of political activity going on in the office or in the department or in the agency that contributes to all kinds of new problems besides the ones that we have already talked about this morning. What is your view about this?

Mr. KING. As I understand the reforms, they are not to be brought into the office. I believe that they prescribe that the Federal employee can participate outside the office only. I don't have any difficulty with that. I am looking at it from the point of view, Senator, that I can't detach myself from my own history. I mean, I am what I am and where I came from and what I have done in my life, so you are going to hear two sides.

One is my ideal side as I look forward to the office I like to hope I will be taking, and that is that I don't see at this moment any difficulty in the bill, as I have seen it. Now, coming from the world I have lived in, the reality of that world is I would like to see some stronger language in there on the prohibition of reaching into the career service for promotions and other things, you know, going through elected officials.

I grew up in the era when the post office was a wonderful punch bowl for those of us in this business. I mean, we used to sit around for hours just saying who was going to be your RFD delivery person. That is a thing I was concerned with.

Senator COCHRAN. That needs to stay in the past, then, is what you are saying?

Mr. KING. Yes, and it is interesting to note, when the Postal Service was taken out of that and made into an independent corporation, the law wrote out very long and very clear rules of the relationship of policies to jobs and promotions, whereas if you look at our civil service, because of its historic antecedents in which you didn't have a large number of people in political positions, there is a 4-line disclaimer, and I would think that that could be reconsidered. But even without that, is the present bill positive? I believe the present bill is a positive step toward giving political participation to all of our employees so they won't view themselves as second-rate citizens. They can still be civil servants in a non-partisan

sense, and when they go home they can still participate in democracy. I am a great believer in participation in the democratic process, and I don't mean that in a partisan sense at all.

Senator COCHRAN. Thank you, Mr. Chairman.

Chairman GLENN. Senator Pryor?

Senator PRYOR. Yes. Once again, another observation. *The Washington Post*, Mr. King, in recent weeks—I think they have done this twice; I have seen two of them, I believe, and I think they are very constructive—has given Federal employees not only in the Washington area, but anywhere, an opportunity to express themselves on how we might reduce the deficit.

I think these have been wonderful. I have read each one of them. In fact, a couple of these employees I am going to ask to come eventually to testify before the Committee because I think some of the ideas are very creative and they are very sound and very bold.

I think Federal employees ought to be encouraged to come forward and be posed a question and answer the question on how can I be of better service to the public. That is what we are all in this business for is to serve the public. I think Federal employees all across America would welcome that opportunity to express themselves. How can I do a better job? How can my role be more constructive and more productive?

I think that from the ground up you, Mr. King, would get some of the better suggestions that you will be receiving. I think you can get better suggestions there than you can, frankly, from this Committee or from the Senate or the House. Would you respond?

Mr. KING. I feel great enthusiasm personally from talking to everyone I have talked to, seeing that today there seems to be universal agreement on that sense of mission and what it is. I mean, one of the things that struck me as I went to work for the transit authority in Massachusetts—I sat down. It was my first day and I met, you know, some of the people that had been there. They were with the tie gangs back in the old days. They are now running the red line, which is the principal rapid transit line.

And I always remembered one of these gentlemen coming in and during the briefing he says, you know what, we have got the best damn trains in America running here in Boston. I said, oh, because I knew the line was notorious for its late starts and its packing people in like they were sardines and being left on platforms for two hours and not being told there was an accident on the line and the train wasn't coming. So I shook my head. He said the only thing that screws it up are those goddamn people. [Laughter.]

Mr. KING. Well, somewhere we got our mission crossed. He is interested in moving trains from point A to point B. I am interested in putting people on those trains and having them go to work, go to the doctor, do the things that make for commerce. So somewhere, someone lost track of the mission. It doesn't mean that they are wrong and I am right, but somehow we had better reconcile those two points of view if we are truly going to serve the public.

One of the things was, this gentleman worked with his own internal people day in and day out. He never met a customer. His customers were his employees, and that is what I talk about, inward-looking, rather than understanding the customer and their

needs, and that is why being in this room right now encourages me.

Senator PRYOR. Good. A final comment. Senator Cochran a moment ago raised the issue of his small retail druggists down there in Mississippi, and I have a lot of them in Arkansas, too. Just as a point of information, last Friday the Aging Committee and this Committee held a joint workshop on this point of how we can better protect those small business people out there and how we can get the insurance companies to concentrate on the drug manufacturers rather than the small retail druggists out there; that they are drying up and going to be put out of business eventually with all the mail order business. So I would just say to Senator Cochran I am going to cooperate with him in every way that we can to alleviate some of that problem which is definitely there.

Thank you, Mr. Chairman.

Chairman GLENN. Thank you very much. Back to the Hatch Act again, just to comment on that, we expect to have the Hatch Act up before too long here. I would hope that after you are confirmed and in position over there that within maybe 30 or 45 days, something like that, we could have that ready for consideration here and have your testimony and your comments. I don't know whether you can hit the ground running that fast or not, but it is something that is not a new subject and it shouldn't take very long to get up to speed on that one.

Mr. KING. I think it is an important one, Mr. Chairman. I would like to work with you and meet that time line, if not better.

Chairman GLENN. The Hatch Act reforms that we have have been much cussed and discussed in both directions. Actually, what they do is basically say that on the job we tighten up. It is a tougher law on Hatch Act on the job, with stiff penalties, jail terms and big fines, which weren't in the law before, if you are a transgressor on the job. You can't wear a button, can't do anything. I mean, it is tight on the job. Off the job, then we open up some and let people have more of a political life, like every other American, but we are tough on the job.

So we would like your consideration of that, and one of the things you might look at early over there with the idea that you are going to have to come back and give testimony shortly is that Hatch Act because we will want your views on that before we go ahead with it this year.

Mr. KING. Fine, Mr. Chairman.

Chairman GLENN. Good. I guess more a statement than anything else because I know you are a team player and you don't want to cross up the administration and you are not even sworn into office yet, but one that I am very concerned about.

Just a little background on this Committee. As I mentioned earlier in my opening statement, this Committee has worked for many years trying to get civil service pay and benefits up to where they are comparable to civilian, outside-the-government type pay. The reputation that all the civil service people were just living in the lap of luxury in Government just is not true. The pay has been behind. Some of the benefits have been maybe as good or better in some respects than most civilian jobs. The retirement pay and some things like that you have to calculate in, but however you cal-

culate it, back some years ago when we first started working on this, we knew civil service pay was about 26 percent behind comparable outside pay at that time.

Then we worked through the years and got this equalized to some extent, or it was heading in that direction anyway. We got the Pay Comparability Act and the locality pay that Senator Stevens mentioned a little while ago, and so we thought we were moving in the right direction.

I thought it was a mistake, frankly—I appreciate the President's efforts to cut the budget and all that, and I know everybody must share in the pain, but I thought we were just about to get up to where we had civil service in about the right spot or about to be in the right spot, and then we sort of got the rug pulled out from under us a little bit on that one.

So I think this freeze that hits Federal workers—it targets all Federal workers, many of whom earn below \$30,000 annually and live from paycheck to paycheck. Federal health insurance costs are going up for most employees and the energy tax is going to hit everybody. So I thought just the Federal pay freeze—that effectively reduces the annual incomes of thousands of career Federal workers and I am concerned about that because we worked on this Committee for a long time trying to get those things up to where they were equal.

I don't know whether you have any comment in this area or not. I would welcome any comment you might have, or you can choose to remain silent if you want to.

Mr. KING. All I can say is I hear you, Mr. Chairman. I will work on that and I will know more about it as we progress. You know, obviously I will be willing to share.

Chairman GLENN. They didn't really consult us before they came out with that, needless to say, and I know everybody must share some of the pain, but I think we are asking Federal workers to take an overload of the pain in that particular area.

We are into these days of measuring outcomes instead of inputs. We are sort of reinventing Government to measure what the outcomes of programs are going to be. How do you see those working in OPM? Have you thought about that?

Mr. KING. When you say that, I haven't seen OPM; I haven't seen its operation. I have viewed it from the outside. It is a good, specific question. It deserves a good, specific answer. I would like to—if you will be willing to hold off until I arrive there and I have been there a few months, I would be prepared to respond to that very directly.

Chairman GLENN. Sure. The Federal Government spends less than 1 percent of payroll on training of its workforce. Do you think that should be changed? Do we under-invest in the training and development of Federal employees?

Mr. KING. It is the easiest thing to cut in the budget, Mr. Chairman. Let us get rid of training. It is downstream, it is an infrastructure investment. I mean, we think of it usually in capital terms if you are in other industries. In our business, this is our capital investment, the training of our human resources.

The so-called—strike “so-called”—the revolution we hope to have in Government is going to be predicated on training at every level,

and if that training isn't there in fairly substantial quantities and in quality, this is not going to work. What we are hoping, what we are talking about, what we are looking forward to, just is not going to work without appropriate training. We are talking about a very substantial effort across the board.

I will make very effort, Mr. Chairman, to try to enhance training, stress its importance, and hopefully build that into some of the model programs that we are doing, so there is an appreciation of it. On the other hand, to create the kind of training that you are talking about, Mr. Chairman, it has to be designed into the relationships we talked about with SES and the managers going downstream. If that is not in, then what do you remove?

It is not in my performance standard, it is not in my bonus, it is not in my future. Then why do I want to bother to put it into anything else? That is an easy way to remove it. Again, that is within the leadership of whatever agency as it is moving downstream. If you structure it in that way, you are going to see results.

Chairman GLENN. I gather from what you said a little while ago about the China Lake thing, you were familiar with that very generally.

Mr. KING. I have a nodding acquaintance. I hope to become much more familiar with it.

Chairman GLENN. Yes, and I am not saying that should spread to all Government immediately, but I think it did offer some directions that we ought to explore a little bit further. Basically, it was pay for performance and you measured performance pretty much as you would in the private sector and people moved up or down on their performance. Do you favor that approach, in general?

Mr. KING. You bet.

Chairman GLENN. OK, but how do you do within the current civil service system?

Mr. KING. That is why I would like to take a look. I believe, first of all, there is accountability and you create a work environment in which people can function, and that is what they tried to do in China Lake. You create an environment in which people understand what the rules are, and those rules are reasonable and they fit the work you are doing and the place you are at. In many ways, you have got to custom design for every worksite to some degree to make it work.

Chairman GLENN. Your pre-hearing questions touch on the hiring without testing concept, and you mentioned that in your opening statement, or alluded to that. Would you expand a little bit on that? Would you be willing to allow agency personnel to offer jobs at the point of interview, if they are out interviewing some of these people at colleges, and allow them the authority to make those decisions on the spot?

Mr. KING. I think it can be done, Mr. Chairman. To some degree, it is being done by some agencies that don't come under the law. Some have the waiver under the various scholarship programs, and that is where you see enthusiasm for recruiting.

Mr. Chairman, when you are recruiting, as you know, if you really are talking to people who are worth competing for, that means they are being competed for; they are going to have several offers. What we come along with, Mr. Chairman, is an if and a maybe and

downstream, but with no offer. If someone is getting several opportunities right then and there, you are not competitive, not in reality.

But it is interesting to note that some of the outside outfits that do recruiting and are successful in many cases delay the actual employment because they have to do security checks, but they have created such a level of enthusiasm that people are willing to wait and work with them in a cooperative fashion.

There is a way to do this, Mr. Chairman, and there is a way to do it within the law and within the areas of interest that we have. As I suggest, the emphasis on diversity of workforce, which is as it should be—those things can be built into that immediate exchange. And that is all I am suggesting, that if we are really going to be competitive, then we should be competitive and that expression of competitiveness should be done at point of entry. It also sets a tone.

Now, further on into the system, Mr. Chairman, you know that there are a number of things. I have taken competitive exams and I must say that that has been a format that works in many situations.

Chairman GLENN. In your pre-hearing responses you also said that you could not adopt the Bureau of Labor Statistics findings of locality pay gaps as a foundation for pay adjustments, and you said, "OPM should work with BLS to produce a fair and accurate methodology." To what extent has OPM in the past been involved in the development of the methodology used at BLS?

Mr. KING. I don't know precisely what they have done, but I would like to look at what they have done in the past, what they contributed. And as you have suggested, Mr. Chairman, and I think you have said it very, very effectively, let us go to the workplace, let us see what the issues are, let us see what the comparability is, and let us be in there and let us be competitive in as many ways as we can be. I couldn't agree more, Mr. Chairman.

Chairman GLENN. In recent years, OPM has allowed certain agencies to greatly increase their use of temporary employees. Now, these people have few job rights, and hearings before some Congressional committees have indicated that the FDIC, in particular, was abusing that authority and using temporary appointment authority for positions that are, in effect, permanent. It has been reported that the IRS is planning to use term appointments and promotions for a number of key positions that are clearly permanent in nature.

Do you have plans to look into that or are you familiar with that?

Mr. KING. I am aware of it and I am fully prepared to look into it, Mr. Chairman, but right now I couldn't comment on it.

Chairman GLENN. It gets into a little bit the same concept that Senator Pryor was talking about a while ago. He has been very concerned and has done a lot of work on this Committee and with his subcommittee looking into contracting out of Government functions. As he indicates, I think there is some \$38 billion a year going into contracting out. Now, that is a lot of money, obviously.

On the other hand, you turn that around and say, well, if there are functions that need to be performed short-term, we don't need to provide civil service slots for that. It is easier to contract out,

get the job done, and you don't have a permanent civil service workforce then to deal with for which some work will probably grow to keep them in place longer than maybe they should be.

So I am not one that is fully against contracting out. On the other hand, I do think it has been abused. I don't know how you deal with that. As I mentioned, OPM has allowed temporary employees in some areas, some agencies, and if they really are temporary, that is fine, but I think you have to make some tough judgments as to what is temporary and what is permanent.

Mr. KING. You are suggesting 5 years isn't temporary, Mr. Chairman?

Chairman GLENN. Some period. I think you have to set some pretty hard and fast rules on that as to what is temporary and what isn't.

Mr. KING. I haven't been around Washington enough to hear radio commercials or radio, really, but we have a great commercial up in our area. Possibly, they run it here. It is a temporary labor service and they have Bob, who is an accountant, and they are exclusively looking to the private sector and they describe Bob as being an animal when he comes to work. He just can't get enough accounting done, and they create an entire climate that with temporary workers, you get an awful lot of good work on your own terms. You get good work and it establishes a productivity standard and when Bob leaves the place does not want to have Bob come back. This is totally directed to the private sector.

Chairman GLENN. Maybe take somebody from outside; they don't have a nanny or a Social Security problem either if you contract with an outside agency.

Mr. KING. You got it.

Chairman GLENN. In the existing system, Federal managers have indicated quite widely that they believe that certain personnel actions such as just the hiring, firing, promoting and recruiting are more difficult than they should be. It requires a lot more paperwork and procedure, and so on. Do you plan to address that problem?

Mr. KING. I would like to think of that as part of our total look at what it takes to manage a unit.

Chairman GLENN. OK.

Mr. KING. One statistic did strike me, Mr. Chairman; I mean, this constant thing that people can't really be terminated if they are not doing a good job. I think it was last year, we were able to terminate over 900 people out of our 2,300,000. So someone somewhere—they are dribbling out.

Chairman GLENN. According to several GAO reports, the progress of women and minorities into management in the top ranks of the civil service has been slow. In fact, in some aspects the private sector is doing far better than Government. Why do you think progress is so slow? What can OPM do to improve that?

Mr. KING. I am sorry. I missed the first part of the question, Mr. Chairman. My apologies.

Chairman GLENN. Women and minorities have been slow to be promoted into top ranks. The private sector appears to be doing a better job than Government in this area. How do we deal with that?

Mr. KING. What I would strongly suspect, and I will either reconfirm or revise my comments, Mr. Chairman—the glass ceiling in many cases is due to the track people are put on early when they come into the service. Are they directed toward that pool of people who are then going to be tracking upward?

In our system, there is a definite track, a definite pool that candidates are drawn from and generally if you are not in that pool, your chances of going up are very, very limited. So what we have to do is decide early so that it is just like counseling in the middle years or even the elementary years in school. If you are not put on a particular track, you may come out of the high school and discover that there was nowhere for you to go but to some occupation, but you are certainly not going on to college because you haven't been on the college track, and I think we do that within our system. I would like to see more of an effort to address this, Mr. Chairman. I have seen the numbers and I certainly am enthusiastic about looking at that and trying to deal with it.

Chairman GLENN. We have a current wave of political appointees. They appear to be diverse in terms of women and minorities. The career corps of the Senior Executive Service is much less so. How would you address that issue, especially during a time of downsizing?

Mr. KING. Well, I think there has been a great deal of talk that the career corps came out of the reorganization that created the SES; We are talking about a group that is—I think in the documents I have read there is an indication that a lot of them are at the age where they are going to be retiring, and that is why your question is so relevant and so pertinent, concerning who is in that pool that is going to be moving forward for consideration for the senior executive level. And that is where we have to look and that is where the change in diversity needs to occur, on the other hand, that group of individuals may also be shrinking if we are looking at reducing the layering in Government of our managers. So two things can be happening. We can still bring diversity in, but we should understand up and down the line there will probably be some substantial shrinkage in there.

Chairman GLENN. I have introduced legislation which, if enacted, would revamp the EEO complaint process for Federal employees. Have you had a chance to look at that, S. 404?

Mr. KING. I looked at it and I had difficulty because of the way it was printed. I didn't know the way the bill fits into the entire law, so I couldn't make the thing out, but I did read your comments on the floor and I found them lucid. I hope EEOC is prepared for what is going to happen because somewhere out there there is a tidal wave waiting to arrive and I am sure they will look at it with great enthusiasm. I hope with that enthusiasm they have developed the management skills and the ability to make timely decisions.

Chairman GLENN. We found such huge differences from part of Government to another, just enormous differences.

Mr. KING. But you went right to the source of one of the problems, Mr. Chairman, and that is, how do I go to the individual who has possibly been the perpetrator of my particular legitimate grievance? Does it ever see the light of day and what pressures are

brought on me? How do we create a climate that is even-handed and a playing field that is even?

Chairman GLENN. Knowing at the same time within your particular department that the average time may be 2 years or 2½ years before you get an answer, or something like that. It has been a little bit ridiculous, so that is the reason we felt legislation was needed.

When we are downsizing as we are, do you think we can do most of this by attrition or do you think we are going to need—for downsizing, are we going to have to offer an early retirement program that would fit people under 62 or something like that, some variation of the plans that we have now in order to deal fairly with people?

Mr. KING. I think, Mr. Chairman, as we are looking at it, there are a number of strategies that we can consider. I really have to talk with the folks who are working with the budget to see where the costs lie on this. Since what we are trying to do is save money, what are the cost implications of any of the schemes that might come down? I am enthusiastic about working with any of them that will meet the needs that we are going to have. What I am saying really is you are looking at Mr. Flexibility on that issue.

Chairman GLENN. In your answers to pre-hearing questions you made it very clear that you would like to change how Federal employees are hired, classified, promoted and evaluated. You mentioned that also here this morning. The General Accounting Office has on several occasions pointed out the need to overhaul the Civil Service Reform Act, and according to GAO the Act has led to unnecessary adversarial labor-management relations and the GAO has recommended that a task force or panel composed of labor and management experts be convened to devise changes to the Civil Service Reform Act to make it workable.

Now, I know the typical Washington answer to everything these days is to appoint a commission, an outside advisory group or some outfit other than just going ahead and taking what action is best advised at the time, but do you think a task force or a panel like that would be worthwhile and would help make some of these decisions? It is a very complicated problem.

Mr. KING. Right. I do think that we have got to come together. Whatever it is called, and even if it doesn't have any title, the people involved are going to have to come together, and in that process, and you mentioned training, we are going to have to understand that part of that will be training and a genuine participatory climate at the workshop level. So at the front-line level, absolutely; backing off, yes, you would have to have everyone work with it.

And what I would do, Mr. Chairman, if I could add one thing—and I don't mind being on the record on this one at all—that we all be charged that we can't do any writing in jargon; that if the ordinary citizen cannot read the document we draft, then the darned thing should be burned in public and we ought to be sent some place in a dark room to reflect on our sin.

Chairman GLENN. That buzzing in the back of the room on the clock back there means we are on a vote. So I am going to have to leave very shortly, and I am winding down here anyway so I think we can end this very shortly.

One other question here. What kind of role do you believe OPM should play in establishing family workplace programs, such as innovative parental leave, flexitime, child care programs? We have studies now and reports that are putting the Federal Government, instead of being the leader as they were for a while in this area, behind the private sector in that arena. Do you have any ideas of what you can do about that?

Mr. KING. I think there are a lot of imaginative things that can be done, but part of it is just what you have been addressing and the Committee has, and that is that you are going to have to free your managers to think in creative terms and to think where they are recognized and rewarded when they do something creative, and then see whether that creativity—how it can be developed to be universal. We don't have to reinvent every wheel.

On the other hand, we design separate wheels for different types of vehicles, much in the same way as we design certain kinds of programs depending on where the need is, and I think that that can be worked out. That is an area where I think encouragement and direction can come from us and we can show people how to design regulations, not necessarily write them for them, but design them with a can-do attitude.

As mother once told me, you can go to any darn fool lawyer, Jim, and have him tell you, no, you can't do it. What you pay for in a lawyer is to tell him your problem and then they tell you how you do it and get it done, and I am not sure that we have always done that with our own folks. How do we get this done? What will it take? That is our interest and I am not sure that we have done that.

Chairman GLENN. That is a good note on which to end, I think, right there. I appreciate your comments this morning. The Committee records will be kept open in order for members of the Committee to have the opportunity to submit additional written questions to you. I appreciate your prompt attention in responding to any such requests.

Let me ask if any people representing other Senators have any questions they wanted to ask this morning. Anything else you want to ask before we terminate?

[No response.]

Chairman GLENN. Thank you, Mr. King. We will get a vote out on this as fast as we possibly can.

Mr. KING. Thank you, Mr. Chairman.

Chairman GLENN. We wish you well. We look forward to working with you closely as you take over in OPM, which I am sure you will. Thank you much.

Mr. KING. Thank you, Mr. Chairman.

Chairman GLENN. The Committee will stand in recess, subject to the call of the Chair.

[Whereupon, at 11:08 a.m., the Committee was adjourned.]

APPENDIX

Biographical and Financial Information Requested of Nominees

A. Biographical Information

1. **NAME:** (Include any former names used)
James Barton King
2. **POSITION TO WHICH NOMINATED:**
Director of the Office of Personnel Management
3. **ANNOUNCED BY THE PRESIDENT:**
January 26, 1993
4. **ADDRESS:** (List current place of residence and office address)
RESIDENCE:
67 Larch Road, Cambridge, MA 02138
OFFICE:
Office of U.S. Senator John Kerry
One Bowdoin Square, Boston, MA 02114
5. **DATE AND PLACE OF BIRTH:**
March, 27, 1935; Ludlow, MA
6. **MARITAL STATUS:** (include maiden name of wife or husband's name)
Married; Eleanor Elizabeth (Whitney) King
7. **NAMES AND AGES OF CHILDREN:**
Edward Jerome King - 28
Sean Christopher King - 28
Kathleen Frances King - 26
Anthony Whitney King - 23
Patrick Andrew King - 14
8. **EDUCATION:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Ludlow High School; Ludlow, MA:
1949 to 1953/56 graduate

American International College; Springfield, MA:
9/56 to 9/60 - Bachelor of Arts Degree
1983 - Honorary Doctorate

Harvard University; John F. Kennedy School of Government,
Institute of Politics; Cambridge, MA:
1972 - 1973 - Fellow

Harvard University; Graduate School of Business
Administration/John F. Kennedy School of Government,
Program for Senior Managers in Government
Summer, 1978 - Certificate

9. **EMPLOYMENT RECORD:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (please use separate attachment if necessary)

U.S. Senator John Kerry (D-MA); Boston, Massachusetts
Chief of Staff: 7/1991 - present

Democratic National Committee; Washington, D.C.
Consultant: 10,11/1992

Sound Remarks; Arlington, VA
Democratic Party Building: 10/1992

Northeastern University; Boston, Massachusetts
Senior Vice President for Government and Community Affairs
8/1983 - 7/1992

National Democratic Institute; Washington, D.C.
Consultant (expenses only): 10/1991

Capital Services; Washington, D.C.
Consultant: 3/1989, 9/1990

Industrial and Organized Psychologists Conference; Boston, MA
Speaker: 4/1989

Massachusetts Aeronautics Commission; Boston, MA
Chairman of the Board (non-salaried position):
10/1988 to 3/1991

The Atlantic Monthly; New York
Editorial Services: 1/1984

Harvard University; Cambridge, MA
Associate Vice President, State and Community Affairs
1/1982 - 8/1983

National Transportation Safety Board; Washington, D.C.
Chairman of the Board & member: 10/1977 - 1/1982

The White House; Washington, D.C.
Special Assistant to the President, Presidential Personnel
Office: 1/1977 - 10/1977

Massachusetts Bay Transportation Authority; Boston, MA
Director of Community Affairs and Marketing
6/1975 - 1/1977

U.S. Senator Edward M. Kennedy (D-MA): Boston, MA
Special Assistant: 9/1967 - 6/1975

Holyoke Program for the Aging; Holyoke, MA
Director: 11/1966 - 9/1967

Commonwealth Service Corporation; Boston, MA
 Associate Commissioner: 4/1966 - 11/1966
 Senior Community Action Technician: 9/1965 - 4/1966
 Junior Community Action Technician: 4/1965 - 9/1965

Department of Public Utilities, Securities, Investigation,
 Boston, MA; Investigator: 5/1963 - 4/1965

State House Library; Boston, MA
 Researcher: 11/1962 - 9/1965

WWLP-TV; Springfield, MA
 News Reporter: 11/1962 - 1/1963

Ludlow Junior High School; Ludlow, MA
 7th Grade Teacher: 9/1961 - 6/1962

Tau Kappa Epsilon Fraternity; Kansas City, MO
 Field Secretary: 1960/61

10. **MILITARY SERVICE:** List any military service, including dates, rank, and type of discharge.

U.S. Army; April 1953 - 1956; Private, Honorably Discharged

11. **GOVERNMENT EXPERIENCE:** List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, other than those listed above.

National Council on the Arts and Humanities,
 Washington, D.C.; member, local board

"Emerald Necklace" Committee: City of Boston, MA

James Michael Curley House: City of Boston, MA

12. **PREVIOUS APPOINTMENTS:** Prior to this appointment, have you ever been nominated for a position requiring confirmation by the Senate: If so, please list each such position, including the date of nomination, Senate confirmation and committee hearing, if any.

Member of the National Transportation Safety Board
 term expiring December 31, 1981
 Nominated: July 20, 1977
 Hearing: September 23, 1977
 Confirmed: October 10, 1977
 Appointed: October 11, 1977

Chairman of the National Transportation Safety Board
 term expiring March 20, 1980

Nomination: February 6, 1978
 Hearing: March 13, 1978
 Confirmation: March 20, 1978
 Appointed: March 21, 1978

Chairman of the National Transportation Safety Board
 term expiring April 2, 1982

Nomination: March 14, 1980
 Hearing: March 27, 1980
 Confirmation: April 2, 1980
 Appointed: April 3, 1980

Resigned as Chairman and member: January 24, 1981

13. **BUSINESS RELATIONSHIPS:** List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Trustee for following not-for-profit organizations:
 Middlesex Community College
 Massachusetts Cultural Alliance
 Boston Opera Company

14. **MEMBERSHIPS:** List all memberships and offices held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

National Council on the Arts and Humanities,
 Washington, D.C.: Member, local board
 Massachusetts Cultural Alliance: Chairman, President
 Member of the Executive Board, Trustee
 Artery Business Committee
 Boston Harbor Associates
 Boston Ireland Ventures
 Boston Opera Company: Vice Chairman
 Boston Youth Theatre
 Cambridge Center for Adult Education
 Cambridge Rotary Club
 Committee for a New Ireland
 Disabled American Veterans - Chapter 94, past commander
 "Emerald Necklace" Committee - City of Boston
 The Ford Hall Forum
 James Michael Curley House - City of Boston
 Middlesex Community College: Trustee
 National Democratic Institute
 NAACP: life member
 St. Peter's Church, Cambridge, MA
 Urban Arts

15. POLITICAL AFFILIATIONS AND ACTIVITIES:

a. List all offices with a political party which you have held or any public office for which you have been a candidate.

None that I can recall.

b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Services only: podium production for 11 state conventions, 2 National Conventions; Demonstration organization (same National Conventions); advance, scheduling, field organization and get-out-the-vote in all elections from 1984 to present.

c. Itemize all political contributions to any individual, campaign organization, political party, political action committee or similar entity of \$50.00 or more for the past 5 years.

I have not kept a record since the tax deduction was removed from the IRS. My memory: Committees to Re-Elect or Elect Congressmen/Senators: U.S. Senator John Kerry \$1,000., State Senators Paul White \$50, Michael Barrett \$200; U.S. Congressman Joseph Kennedy \$100, Joseph Moakley \$500, Gerry Studds \$200, Richard Neal \$300, Joseph Early \$400, Chester Atkins \$400, John Olver \$200; State Representatives Charles Flaherty \$200, Michael Walsh \$100, Patrick Kennedy \$200 and also James Roosevelt \$50. No contributions were made to PAC's, organizations, etc...

16. HONORS AND AWARDS: List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievements.

American International College: Honorary Doctorate

Harvard University, John F. Kennedy School of Government, Institute of Politics: Fellowship

University of Massachusetts/Boston, Committee for a New Ireland: Human Rights Award

17. PUBLISHED WRITINGS: List the titles, publishers, and dates of books, articles, reports or other published materials which you have written. It would be helpful for the committee to have three copies of each published writing. Please denote any of those for which you are unable to provide copies.

None that I recall.

12 March 83

18. **SPEECHES:** Provide the committee with three copies of any formal speeches you have delivered during the last 5 years of which you have copies and are on topics relevant to the position for which you have been nominated.

I have no copies, nor did any ever exist to the best of my knowledge.

19. CONGRESSIONAL TESTIMONY: Have you ever testified before a committee of Congress? If so, please provide details including date(s).

March 13, 1978

United States Senate, Committee on Commerce Science and Transportation -- RE: Confirmation hearing as Chairman, National Transportation Safety Board.

March 15, 1978

House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Transportation and Commerce -- RE: Rail Safety and FRA authorization.

March 20, 1978

United States Senate, Committee on Commerce Science and Transportation -- RE: NTSB Authorization.

March 22, 1978

House of Representatives, Committee on Appropriations,
Subcommittee on Transportation and Related Agencies -- RE:
Appropriations request.

April 10, 1978

House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Transportation and Commerce -- RE: Amending the Hazardous Materials Transportation Act.

April 18, 1978

United States Senate, Committee on Commerce Science and Transportation -- RE: Transportation of Hazardous Materials.

April 19, 1978

House of Representatives, Committee on Public Works and Transportation, Subcommittees on Aviation and Surface Transportation -- RE: NTSB Appropriation.

April 21, 1978

United States Senate, Committee on Commerce Science and Transportation, Subcommittee on Surface Transportation -- RE: S.2897 and S.2898, Rail Safety Authorization and Railway Labor Bills.

1st March 43

April 25, 1978
House of Representatives, Committee on Government Operations, Subcommittee on Government Activities and Transportation -- RE: Accidents involving Hazardous Material in Transportation.

April 28, 1978
United States Senate, Committee on Appropriations, Subcommittee on Transportation and Related Agencies -- RE: FY Budget Request.

May 16, 1978
House of Representatives, Committee on Public Works and Transportation, Subcommittee on Aviation -- RE: Navigational Aids and Equipment.

September 8, 1978
United States Senate, Committee on Commerce Science and Transportation -- RE: S.2970, Truck Safety Act.

October 27, 1978
United States Senate, Committee on Commerce Science and Transportation and House of Representatives, Committee on Public Works and Transportation (hearing held in San Diego) -- RE: Collision Avoidance.

December 7, 1978
House of Representatives, Committee on Government Operations, Subcommittee on Government Activities and Transportation -- RE: FAA's Collision Avoidance Systems.

February 15, 1979
House of Representatives, Committee on Appropriations, Subcommittee on Transportation and Related Agencies -- RE: FY 1980 Budget Request.

March 6, 1979
United States Senate, Committee on Appropriations, Subcommittee on Transportation and Related Agencies -- RE: FY 1980 Budget Request.

April 10, 1979
House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Transportation -- RE: Reauthorization of the Hazardous Materials Transportation Act.

June 18, 1979
House of Representatives, Committee on Government Operations, Subcommittee on Government Activities and Transportation -- RE: Certification of the DC-10.

June 19, 1979-

House of Representatives, Committee on Public Works and Transportation, Subcommittee on Oversight and Review -- RE: Chicago Aircraft Accident.

July 11, 1979

United States Senate, Committee on Commerce Science and Transportation, Subcommittee on Aviation -- RE: Certification and Inspection Procedures of the DC-10.

November 2, 1979

House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Energy and Power -- RE: Cove Point, MD LNG Pipeline Accident.

February 13, 1980

House of Representatives, Committee on Ways and Means, Subcommittee on Oversight -- RE: Commuter Airport Safety and ADAP.

February 25, 1980

House of Representatives, Committee on Appropriations, Subcommittee on Transportation and Related Agencies -- RE: FY 1981 Budget Request.

February 26, 1980

House of Representatives, Committee on Public Works and Transportation, Subcommittee on Oversight and Review -- RE: Commuter Safety.

March 4, 1980

House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Transportation -- RE: NTSB Authorization.

March 4, 1980

House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Transportation -- RE: Hazardous Materials Authorization.

March 24, 1980

United States Senate, Committee on Commerce Science and Transportation, Subcommittee on Surface Transportation -- RE: Rail Safety.

March 25, 1980

House of Representatives, Committee on Interstate and Foreign Commerce, Subcommittee on Transportation -- RE: Rail Safety.

March 27, 1980

United States Senate, Committee on Commerce Science and Transportation -- RE: NTSB Authorization.

March 27, 1980
United States Senate, Committee on Commerce Science and Transportation -- RE: Renomination of James B. King as Chairman of the NTSB.

March 28, 1980
FOR THE RECORD -- House of Representatives, Committee on Public Works and Transportation, Subcommittee on Aviation -- RE: Airport and Airway Improvement Act of 1980.

April 2, 1980
United States Senate, Committee on Commerce Science and Transportation -- RE: Reauthorization of the Hazardous Materials Act.

April 15, 1980
United States Senate, Committee on Appropriations, Subcommittee on Transportation and Related Agencies -- RE: 1981 Budget Request.

April 22, 1980
House of Representatives, Committee on Public Works and Transportation, Subcommittee on Aviation and Surface Transportation -- RE: NTSB Authorization.

April 22, 1980
House of Representatives, Committee on Public Works and Transportation, Subcommittees on Aviation and Surface Transportation -- RE: Hazardous Materials Authorization.

April 29, 1980
FOR THE RECORD -- House of Representatives, Committee on the District of Columbia, Subcommittee on Metropolitan Affairs - RE: Washington Metro System.

June 3, 1980
House of Representatives, Committee on Public Works and Transportation, Subcommittee on Oversight and Review -- RE: Cabin Safety.

August 27, 1980
United States Senate, Committee on Commerce Science and Transportation, Subcommittee on Aviation -- RE: Air Carrier Accident Prevention and the Role of Human Factors.

February 10, 1981
House of Representatives, Committee on Appropriations, Subcommittee on Transportation and Related Agencies -- RE: FY 1982 Budget Request.

February 25, 1981
House of Representatives, Committee on Energy and Commerce, Subcommittee on Transportation and Commerce -- RE: NTSB Authorization.

February 25, 1981

United States Senate, Committee on Appropriations,
Subcommittee on Transportation and Related Agencies -- RE:
FY 1982 Budget Request.

March 24, 1981

House of Representatives, Committee on Public Works and
Transportation, Subcommittee on Oversight and Review -- RE:
Weather Problems in Aviation.

April 6, 1981

House of Representatives, Committee on Government
Operations, Subcommittee on Government Activities and
Transportation -- RE: Emergency Evacuation Procedures.

April 30, 1981

House of Representatives, Committee on Public Works and
Transportation, Subcommittee on Aviation and Surface
Transportation -- RE: NTSB Authorization.

July 14, 1981

House of Representatives, Committee on Public Works and
Transportation, Subcommittee on Surface Transportation --
RE: Highway Funding.

September 10, 1981

House of Representatives, Committee on Government
Operations, Subcommittee on Government Activities and
Transportation -- RE: Air Traffic Control.

October 27, 1981 House of Representatives, Committee on
Public Works and Transportation, Subcommittee on
Investigations and Oversight -- RE: 3 Rs

December 16, 1981 House of Representatives, Committee on
Public Works and Transportation, Subcommittee on
Investigations and Oversight -- RE: Air Traffic Control.

December 16, 1981

FOR THE RECORD -- United States Senate, Committee on
Commerce Science and Transportation, Subcommittee on
Aviation -- RE: Air Traffic Control.

20. SELECTION:

(a) Do you know why you were chosen for this nomination by
the President?

I believe that the President nominated me for the following
reasons: First, I believe that the President was seeking a
Director who could manage change and innovation for the

benefit of federal workers, managers and the citizens they serve. Second, I share the President's commitment to excellence in public service. Third, my federal service as chairman of an independent agency, in the legislative branch and as Director of the Presidential Personnel Office, would bring to the position a variety of experience and breadth of perspective in personnel management.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

More than 20 years of my career have been spent in the public service: as Chairman of an independent agency, in the staff of the United States Senate and at the White House. I know federal service from the management, front-line federal worker and customer perspectives. I have also served at the state and local levels in a variety of positions.

As Chairman of the National Transportation Safety Board (NTSB), I served as chief executive of an independent federal agency, responsible for policy formulation and direction, executive management of agency budget and personnel, and relations with Congress, constituent groups and the public.

One of my significant management responsibilities at the NTSB was the implementation of the Civil Service Reform Act within the agency. I worked with agency career managers, employees and OPM to design, put in place and evaluate the agency's first performance management systems for executive and mid-level employees. In doing so I learned first-hand about the importance of changing management strategies to improve the productivity and job satisfaction of federal employees, devising compensation and incentive programs to recruit and retain our best workers, and changing training and recruitment methods to reach talented employees of diverse backgrounds.

A substantial part of my almost 10 years of service in the United States Senate have been spent at the state offices of the respective Senators. From here, my perspective on federal agencies and the employees who represent them has been that of their public customer: the job-seeker, the retiree, the immigrant, the student, the labor representative, etc. From this experience, I take with me the habit of evaluating results at federal agencies from the bottom up and outside in -- through the eyes of the public whom we all serve.

As Special Assistant to the President for Personnel in 1977, I was responsible for managing the initial staffing of the

executive branch and independent agencies on behalf of the President. From this experience, I understand the importance (and the difficulty) of translating the President's policy goals to the political appointees and the career public servants who must work together to accomplish them.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

I hope to continue to relate to the Senate but in a totally different role. There are no other relationships in the context of the question as I understand it.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

No.

3. Do you have any plans, commitments or agreement after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

I am mentally and physically committed to serve the President, the Congress and the People of the United States of America. My service would be at the pleasure of the President and therefore would be limited to the time frame that he so determines.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.
None.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None, that I am aware of.

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None to my knowledge.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

I worked on several efforts to increase student aid in Higher Education at both the state and federal level.

At the local, state and federal level, I have worked on strategies for direct funding of various building projects (on behalf of Northeastern University)

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide copies of any trust or other agreement.)

The question to me is hypothetical, but in the spirit of why this was asked, I will do my best to reply. Should I become aware of any potential conflict(s), I would disqualify myself from any participation in the matter. If disqualification were not practicable, I would divest myself of the conflict or potential conflict of interest. In seeking to determine if a conflict or potential conflict did exist, I would seek the advice of the designated Ethics Officer at the Office of Personnel Management.

6. Do you agree to have written opinions provided to the committee by the designated agency ethics office of the agency to which you are nominated and by the office of government ethics concerning potential conflicts of interest or any legal impediments to your serving this position?

If the committee wishes this, I have no objection.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee or other professional group? If so, provide details.
No.
2. Have you ever been investigated, arrested, charged or held by any federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.
No.
3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
I am not aware of any.
4. Have you ever been convicted (including plea of guilty or nolo contendere) of any criminal violation other than a minor traffic defense?
No.
5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.
None.

FINANCIAL DATA

(Retained in Committee Files)

PRE-HEARING QUESTIONS FOR
JAMES B. KING
TO BE DIRECTOR OF
THE OFFICE OF PERSONNEL MANAGEMENT

I. NOMINATION PROCESS AND POTENTIAL CONFLICTS

1. Were any conditions, expressed or implied, attached to your nomination to be Director of the Office of Personnel Management (OPM)?

There were none.

2. Have you made any commitments with respect to the policies and programs you will attempt to implement as Director of OPM? If so, what are they?

I am committed to supporting the policies and programs of the Clinton administration. A crucial element of the President's plan is making government work better for the people it serves. The President wants to make government more responsive, less costly, and more effective. We cannot change how the federal government works without changing how federal workers are hired, classified, promoted and evaluated.

3. Are there any issues involving the Office of Personnel Management from which you may have to disqualify yourself? If so, please explain.

There are none.

James B. King
 Pre-Hearing Questions
 Page 2

II. ROLE AND RESPONSIBILITIES OF THE OPM DIRECTOR

1. What do you consider your primary responsibilities and priorities to be as OPM Director?

My primary responsibilities and priorities as OPM Director would be the following:

- Serve as the chief personnel officer of the executive branch. In this role, the Director is the chief advisor and policy-maker to the President and the Administration on government-wide human resource policy. In addition, the Director assists the President in seeing that the laws governing federal service are faithfully executed.
- Act as chief spokesperson for federal workers and managers to communicate respect for the importance and value of public service.
- Direct the Office of Personnel Management as a model to manage for results, reduce costs, and improve performance for our customers.

2. What do you consider to be the mission of the Office of Personnel Management?

The mission of OPM is to create and put into effect personnel policies that enable federal managers throughout the executive branch to provide high-quality services to the public. OPM carries out its mission with the following functions:

- Act as the lead human resource management agency for the federal government for government-wide personnel policies and programs. These include: (i) recruitment and examination programs that enable federal managers to attract a capable and diverse workforce; (ii) set policy and provide leadership for effective government systems for classification, performance management, compensation, and labor-management relations; (iii) plan and promote efficient and effective government-wide programs for employee training and development; (iv) manage the retirement and health benefits programs; (v) manage the personnel investigation program; (vi) serve as lead agency for government-wide personnel improvements through research and demonstration projects, and personnel information and management systems.
- Serve as the President's principal policy advisor on issues relating to the public service and federal personnel management. The commitment and capability of the federal workforce will be critical to the success of the

James B. King
 Pre-Hearing Questions
 Page 3

President's program. The Director of OPM is the President's appointee with a government-wide management perspective.

- Act as the lead agency for anticipating and planning for the government's future personnel management needs. Both employee demographics and management priorities will be changing rapidly in the years ahead. OPM should be the repository of technical advice to identify and put into place the programs that will respond to these changes.
 - Serve as the principal institutional voice for federal managers and workers to enhance the public image of the federal service.
3. What do you consider to be the major challenges confronting the Office of Personnel Management and what will your priorities be in addressing these challenges?
- To reorient OPM from rules to performance. The goal of an effective personnel system is to support, not regulate, managers. OPM should focus on helping and guiding agencies to ensure that they are properly carrying out federal laws and policies, rather than controlling their actions by rule-based micromanagement.
 - To lead by example and make OPM a model agency for better performance at lower cost in constant dollars. I intend to have OPM do more with less.
 - To rebuild the respect of the public for their public servants by helping the public understand the importance and the difficulty of government service and the dedication to excellence of the people who perform it.
 - To equip federal managers to respond to our new management imperative: manage a smaller, but more productive, federal workforce while maintaining employee morale and our commitment to equity and diversity.
 - To seek major improvements in the way in which federal workers are recruited, hired and classified, and their performance is managed.
 - To increase the diversity of our workforce and to strengthen programs that anticipate and respond to the changes in the composition of the federal workforce and the needs of federal employees.
 - To adopt and put into effect policies that motivate and train federal managers to be accountable and effective.

James B. King
Pre-Hearing Questions
Page 4

4. How do you envision your relationship and the nature of your responsibilities as they relate to:

- (a) the President
- (b) Congress
- (c) other Executive agencies
- (d) the Merit Systems Protection Board
- (e) the Office of Special Counsel
- (f) the Federal Labor Relations Authority, and,
- (g) the Office of Government Ethics?

(a) The President. The Director is the President's chief advisor and policy maker for personnel issues, and is responsible for carrying out the President's policies and programs as they affect federal personnel policy.

(b) Congress. The Director is responsible for seeing that laws enacted by Congress are carried out. The Director reports to Congress on federal personnel matters both as legally required and as desirable to encourage legislation to improve federal personnel management.

(c) Other Executive agencies. The Director, on behalf of OPM should: (i) set policy and act as a policy advisor to ensure that agencies are observing and correctly carrying out federal personnel policies, and (ii) serve as a source of successful innovation.

(d) The Merit Systems Protection Board. The relationship between OPM and MSPB should be collegial and respectful. Although these two agencies have distinct legal responsibilities and different organizational perspectives, they share an interest in protecting the integrity of the merit system and in resolving workplace disputes in a fair and efficient manner. OPM has a responsibility to intervene if an MSPB proceeding would substantially affect civil service law or regulation and to seek review of MSPB decisions it believes are contrary to civil service laws or regulations. MSPB has a responsibility to provide oversight of OPM programs and significant actions. Although these distinct responsibilities may lead to disagreements, the agencies should maintain and strengthen close working relationships in such areas of mutual concern as research.

(e) The Office of Special Counsel. OPM and this office share an interest in preserving the integrity of the federal civil service laws and in protecting employees and applicants from prohibited personnel practices, and in seeing that the Hatch Act (as either currently in effect or reformed) is enforced. OPM will take appropriate action in response to any judicial determinations arising from this office's activities.

James B. King
Pre-Hearing Questions
Page 5

(f) The Federal Labor Relations Authority. OPM and FLRA have a joint interest in an effective federal service labor-management relations program.

(g) The Office of Government Ethics. OPM and this agency share an interest in protecting and preserving high ethical standards in government service. OPM should consult with this office on implementation of government-wide ethics regulations, while recognizing its new status as a separate agency.

5. What is included in your definition of a "federal employee?"

Although many of OPM's responsibilities relate primarily to the current employees, OPM, as manager of the retirement, health benefits, and life insurance funds, also has responsibilities to retirees, their families and dependents, and to postal employees. For these purposes, "federal employee" must also encompass these groups. In addition, although they are not federal employees, OPM has responsibilities for regulating certain aspects of experts and consultants.

6. Do you see any need to revise the current organizational structure of OPM?

Until I have had the opportunity to evaluate the effectiveness of the current structure, I cannot determine whether a restructuring would be beneficial. As a general matter, I am wary of reorganizing an agency that needs to do many things and do them quickly. Reorganizations disrupt existing relationships and dissipate management energies, and should be undertaken only after a convincing case for the necessity has been made. I would be responsive to any recommendations that might emerge from the National Performance Review or from any similar Congressionally-mandated studies.

James B. King
Pre-Hearing Questions
Page 6

III. OPM MANAGEMENT AND IMPROVEMENT

1. At the January 7, 1993 hearing of the Governmental Affairs Committee, U.S. Comptroller General Charles Bowsher of the General Accounting Office (GAO) testified and issued a series of transition reports assessing the status of the government and its various programs. While these reports document operational improvements over the past four years, they also point to many personnel management-related problems adversely affecting agencies, operations that remain to be resolved.

A comparison of OPM's mission, authorities, and responsibilities as prescribed in the Civil Service Reform Act of 1978 (CSRA) with OPM's accomplishments has led some observers to conclude that OPM has not lived up to expectations. These observers believe that OPM has failed to provide adequate personnel management leadership or innovative thinking. This, in turn, has resulted in the government continuing to lose ground, relative to other employers, in its efforts to attract and retain the best and the brightest in the career federal service.

- (a) In your judgment, are these observers' assessments accurate? Why or why not?

The GAO Transition Series Report on The Public Service identified several important public service issues that require attention. I cannot endorse a general view that the federal government is continuing to lose ground in attracting and retaining high-quality employees. Although recruitment and retention problems persist in a number of identified occupations, the federal government has recently attracted large numbers of well-qualified applicants for many of the jobs it needs to fill. Nonetheless, the GAO report discusses several continuing problems and emerging areas where OPM should assume more leadership for new thinking and action. I would hope that OPM would use the renewed interest in government service and increased flexibility in hiring to bring into government the skilled people that public service will require.

- (b) What do you see as OPM's greatest successes and failures? Please include specific examples in framing your reply.

Based on my observations to date, which I expect to refine should I be confirmed, OPM has attempted to improve the abilities of federal agencies to recruit effectively within the constraints of the current system with more automation of federal hiring and job information systems and speedier recruiting and examining. In addition, OPM has begun recruiting initiatives for high school and college students, and

James B. King
Pre-Hearing Questions
Page 7

appears to be encouraging agencies to enter into partnerships with high schools and colleges to encourage students to consider careers in public service.

Despite these efforts, it is my impression that federal recruitment programs are not successful in comparison with the private sector managers with whom they must compete.

OPM's success in helping agencies recruit and retain a qualified and diverse workforce will be limited without two major changes. First, we must have a recruitment and hiring system that works: stripped of the inefficiencies and needless complexities dictated by current requirements. For example, I have serious questions about whether any examination-based hiring system can compete effectively with direct-hire authority. Second, irrespective of the efficiencies of the hiring system, we cannot attract good people to government service unless federal service is seen as a respected career and the federal government seen as a desirable employer.

(c) What would you, as OPM Director, do to build on OPM's previous successes and work toward resolving its shortcomings?

If programs are working, I would provide the executive support and commitment. Where changes are needed, I would seek to create a climate among those concerned—the Administration, the Congress, managers, workers and their representatives—that makes change possible.

(d) Are there areas in which the Congress and/or the President might prudently consider redefining OPM's role, authorities, and responsibilities? Please list each such area and explain what specific types of changes you think would be helpful.

It is possible that OPM will be unable make these changes without a statutory redefinition of its roles, authorities, and responsibilities. Without an opportunity to see how much OPM can accomplish under its current mandate, I cannot now specify areas and types. If I should find, however, that the job cannot be done without the support of the President and Congress for statutory changes for OPM, I would request these changes and work with the President and Congress to obtain them.

2. Federal agencies rely on their employees to provide effective, efficient services to the public. However, in its recent series of high risk and transition reports, GAO identified a series of "people problems" that have undermined agencies' efforts to fulfill their missions. For example, in over half of its reports, GAO pointed to problems resulting from inadequately trained staff, as well as an insufficient number

James B. King
 Pre-Hearing Questions
 Page 8

of staff to accomplish the work that needed to be done. Inadequate workforce planning was also cited in a number of program areas.

(a) What is your reaction to the GAO's findings?

These findings emphasize the importance of effective training that serves the organization's performance goals and workforce planning that ensures that agencies know the skills they will need for the future and where to find and how to attract applicants who have them.

(b) What do you see as OPM's role in assisting agencies in overcoming the kinds of problems discussed in the GAO reports where these exist?

To improve workforce planning, OPM should continue to develop an accessible and useful information system that permits agencies to project their workforce requirements, needed occupational skills, and sources of applicants.

3. Many observers believe that in today's changing national environment --- with government downsizing a reality at the same time the nation is faced with increasingly complex economic and social issues --- there is a need to carefully and thoroughly reexamine the way the government does business. Among the critical issues needing attention are the structures and functions of the public service itself, since it is the men and women of our government who, in the final analysis will largely determine whether government actually works.

Among the many workforce issues to be addressed will be those involving the government's need to (1) recruit and retain the best and the brightest in federal service careers; (2) ensure that its employees project an image of fairness, competence and responsiveness to the public; and (3) give agency managers the tools and the flexibility needed to manage without excessive or unnecessary constraints, regulations, or roadblocks.

(a) Do you favor exploring alternatives for fundamentally restructuring the way the government hires and manages its personnel? If so, in what ways? In your view, should OPM play a proactive role as the initiator and advocate of this endeavor?

Yes. I do not believe that we can manage effectively in our current and future climate without looking at new ways to hire, classify, promote, and evaluate our personnel, and manage reductions in the workforce. In my answers to previous questions I have indicated the directions these changes must take. It is fundamental and indispensable that OPM take an active--indeed, the leading--role as the initiator

James B. King
Pre-Hearing Questions
Page 9

and advocate of this change. Changing the way government does business begins with improving the way it manages its most critical resource--the millions of people who, day in and out, do the government's work on behalf of the public.

(b) OPM currently has prescribed statutory responsibilities for participating in the design, operation, and evaluation of personnel research programs and demonstration projects. From what you know of OPM's track record in accomplishing these responsibilities, how well do you think OPM has done? If you could redefine OPM's role in this area, what changes, if any, would you want to see?

MSPB's recent report on this subject recommended several changes, and NAPA has also studied these issues. I generally concur with MSPB's recommendations. OPM should take a strong leadership role to identify and develop concepts for research and development projects in collaboration with other agencies and to promote their use. I understand that OPM is developing a new strategy for developing and evaluating its demonstration projects. I also agree that OPM improve its dissemination of information from the projects. Finally, the recommendation that OPM encourage simultaneous testing or testing of variants seems convincing.

4. There has been a trend in the years since the enactment of the CSRA toward the decentralization and delegation of personnel management authorities and responsibilities from OPM to the agencies. Some personnel management practitioners feel that yet further delegations would be desirable, while others prefer to see OPM maintain a leadership role.

(a) What do you see as the key considerations in this debate?

(b) Taking the pros and cons into consideration, please explain whether you favor or oppose further authority delegations to the agencies, and the reasons why you feel as you do. Please outline your views in terms of specific program areas and expected benefits to be achieved.

I favor continuing decentralization and delegation of personnel management. Although there will always be an institutional tension between agencies' desire for control and flexibility and OPM's responsibility to protect merit selection and equity and to promote workplace diversity, I see no contradiction between delegating authority--and concomitant accountability for results--to agencies, while maintaining OPM's leadership role in providing the government-wide expertise, systems, and information that agencies cannot develop efficiently on their own, as well as monitoring the delegated authority for compliance with laws and policy.

James B. King
Pre-Hearing Questions
Page 10

We must keep in mind that all too often the debate in delegation is an internal one about the bureaucratic process, and that the process is ultimately much less important than the result: providing a hiring system that satisfies its customers: the federal hiring managers and the public applicants.

5. As you are likely aware, other federal agencies --- notably the Merit Systems Protection Board, the Equal Employment Opportunity Commission, the Federal Labor Relations Authority, and the Office of Special Counsel --- have key responsibilities in federal personnel management.

(a) From what you know of the working relationships and levels of cooperation between OPM and the other personnel management agencies in recent years, how well have the agencies worked together toward the common goal of establishing and maintaining an effective and efficient government-wide personnel management program?

(b) What do you see as an optimal level of interaction between OPM and each of these agencies? What changes, if any, do you believe are needed to reach that optimal level? Should OPM assume a greater leadership role as "first among equals" in its dealings with these other agencies?

These other agencies are adjudicatory and enforcement agencies, separate from OPM by legislative design. Each of these agencies has specific and distinct statutory responsibilities, which OPM must respect. In answering Question II(4) above, I describe my view of the appropriate relationships between OPM and some of these agencies. My initial impression is that, despite the differences in statutory responsibilities and organizational perspectives that will from time to time produce policy differences between OPM and these agencies, working-level relationships are good, with the staff working harmoniously in areas of overlapping interest. In matters of federal personnel management, OPM, as the voice of management, is responsible for leadership, which includes monitoring the adjudicatory determinations of these agencies and seeking review in instances in which the federal workforce management would be adversely affected. If we are to build a more harmonious relationship between federal labor unions and management, FLRA must be part of the process.

6. While the top positions in federal agencies are filled by political appointees, most senior executive and upper-level management positions are filled by career federal employees. Several recent GAO studies as well as the report of the National Commission on the Public Service (the Volcker Commission) have pointed to serious organizational problems resulting from poor working relationships between political appointees and career executives.

James B. King
Pre-Hearing Questions
Page 11

- (a) What is your assessment of the state of political-careerist relations generally in recent years, and to what factors do you attribute this situation?
- (b) What kinds of things would you personally do as OPM Director to foster positive and productive working relationships between the political appointees and career personnel at OPM, and to encourage equally sound political-careerist working relationships at the other agencies?

We have come through a period in which many political appointees did not value and respect the work of career civil servants, and it comes as no surprise that relations were poor. Good relations come from a understanding of and respect for each other's roles and strengths, and a commitment to work together to make our government effective and our nation strong. This Administration is committed to listening to its front-line employees who know how to make the bureaucracy work better.

I have been privileged to serve as the appointed head of a federal agency with as competent and dedicated a group of career managers and employees as I could have hoped to find. I am proud of what we accomplished working together. My responsibility was to set and articulate the policy goals and provide the career staff with the political, public and budgetary support to achieve them. I would bring with me to OPM that experience and perspective.

OPM can provide non-career appointees and career managers with the information they need to understand each others' roles and responsibilities. OPM should encourage, early in the Administration, opportunities for interchange among career and non-career executives that will foster team-building. In addition, I have found NAPA's guidebooks for Presidential appointees and career and non-career SES personnel very helpful.

- 7. The Office of Government Ethics is charged by law with providing leadership in the sensitive and complex area of government employee ethics. However, OPM must also maintain a presence in this area, since it has review and input responsibilities in the ethics rulemaking process and oversight responsibilities in the personnel management area of employee discipline (e.g., for ethics infractions).

- (a) In your view, should OPM do more than it has done in the recent past to integrate ethics considerations into the recruitment process?

Selecting employees with the highest ethical standards must always be an important consideration in recruiting. We must be careful that ethical requirements not

James B. King
Pre-Hearing Questions
Page 12

become unnecessarily complex or petty so that they are perceived as simply another bureaucratic hurdle.

(b) It has been reported that some agencies feel they do not have sufficient instructional guidance on the proper use of the disciplinary process to address ethics infractions. What do you think OPM should do to address these concerns?

The Office of Government Ethics has primary responsibility for the development of training in ethics matters. If there is a need for additional guidance in the disciplinary process, OPM should issue it.

8. Does OPM need more authority for demonstrations of innovative management techniques?

MSPB has recommended statutory changes for OPM's authority in this area. As new projects are developed, I will consider whether limits on the number of projects, the number of employees involved or the laws which can be waived are inhibiting OPM's ability in this regard. If I find they are, I will seek legislative change.

James B. King
Pre-Hearing Questions
Page 13

IV. PAY, RECRUITMENT, RETENTION, AND PLACEMENT

1. In recognition of the federal government's deteriorating ability, vis-a-vis other competing employers, to recruit and retain the best and the brightest people for federal service careers, Congress enacted the Federal Employees, Pay Comparability Act of 1990. A key feature of the Act was a new mechanism for adjusting federal employee pay rates over a nine-year period with the objective of bringing federal salaries more in line with those offered by other employers.

(a) Many observers believe that the government's deteriorating recruitment/retention situation is the direct result of a lack of commitment by previous administrations to pay comparability. Is this assessment accurate? Are there other contributing considerations as well?

Although I would need to evaluate this issue in more detail, I am not now prepared to accept the premise that the government's recruitment and retention situation is generally deteriorating. We have had, and continue to have, difficulty recruiting well-qualified candidates in a number of identifiable areas. I need to evaluate our recruitment situation in more detail before I can comment more specifically. I would hope that renewed interest in government combined with more flexibility in hiring would improve recruitment.

(b) The 1990 Act provides that federal salaries be annually adjusted based on the results of annual pay surveys to be done by the Department of Labor's Bureau of Labor Statistics (BLS). Taking into account the potential conflict between federal pay reform and efforts to reduce the federal budget deficit, are you prepared to commit at this time to adopting the BLS' annual findings as the foundation for your pay adjustment recommendations to the President? If not, please explain.

I am not prepared to commit at this time to the adoption of the BLS annual findings as the foundation for pay adjustment. The issue is not the accuracy of the work done by BLS, but rather possible limitations inherent in the methodology required. Some aspects of the methodology may require more review, including: (i) consideration of factors in addition to base salary; and (ii) the current use of an overall average comparison rather than direct job-specific differences. OPM should work with BLS to produce a fair and accurate methodology.

(c) If you feel that you cannot fully commit to adopting the BLS findings in formulating your annual pay adjustment recommendations, what alternative strategy do you have in mind for ensuring that pay reform is accomplished as envisioned in

James B. King
Pre-Hearing Questions
Page 14

the 1990 Act? If you do not now have such a strategy, please indicate how and when you plan to develop such a strategy.

I do not yet have a complete strategy. I am committed to competitive pay for federal workers. I would work with OPM staff and with other officials of the Administration responsible for the President's program to formulate and put into effect such a strategy.

2. Two recent GAO reports prepared for this Committee paint a troubling picture of key aspects of the federal government recruitment and retention activities.

- * In its January 31, 1992, report entitled, FEDERAL RECRUITING: College Placement Officials' Views of the Government's Campus Outreach Efforts (GGD-92-48BR); GAO reported that private companies were far more active than federal agencies in their recruiting activities on college campuses, a partial result being that information about federal government opportunities was seriously lacking on many campuses.

- * In its June 18, 1992, report entitled, FEDERAL EMPLOYMENT: How Federal Employees View the Government as a Place to Work (GAO/GGD-92-91), GAO reported that while the majority of current federal employees responding to GAO survey expressed positive views about working for the government, many did not. Almost a third of the respondents specifically said they probably or definitely would not accept a federal job were they able to make the decision again.

- (a) What is your reaction to the GAO's findings?

The findings indicate a need to improve. I hope that both federal recruitment and the perception of the value of federal service can and will be improved.

- (b) Given OPM's leadership charge as "the government's personnel officer," what responsibility do you think OPM must bear for these situations? What should OPM have done to remedy these problems that it either hasn't done, or hasn't done well?

Rather than try to specify fault for any past failures, I would prefer to focus on future improvements.

- (c) Do you feel you can address these issues with concrete proposals during your first year as OPM Director, with appropriate implementation activities to follow?

James B. King
Pre-Hearing Questions
Page 15

I would hope so. It is critical both that we attract well-qualified young people to the federal service and that we are able to provide a positive work environment. As the Administration moves toward putting more power into the hands of our front-line workers, I anticipate that employees will have greater job satisfaction.

3. Owing to the continuing reduction of Department of Defense activities and facilities worldwide, as well as the current Administration's expressed interest in reducing the federal civilian workforce, there is likely to be a strong demand for job placement assistance for some time to come.

A recent GAO report, FEDERAL EMPLOYMENT: Displaced Federal Workers Can Be Helped by Expanding Existing Programs (GAO/GGD-92-86, May 5, 1992), stated that federal job placement programs, particularly OPM's, have not been successful in placing a high proportion of program registrants in jobs. GAO also found that OPM's Federal Jobs Opportunities Listing was of only limited value to displaced employees because it did not list all of the federal jobs for which these displaced employees could qualify. GAO recommended that OPM adopt several specific program modifications to address these problems.

Since GAO issued its report, Congress changed the law to require that OPM prepare a comprehensive jobs listing. In addition, federal agencies must now give consideration to qualified displaced employees before hiring other candidates from outside the agency.

(a) As OPM Director, what priority would you place on having OPM develop and implement novel approaches to providing greater job placement assistance to displaced federal employees?

We must do all that we can to help employees facing a job loss continue their federal careers, including information on job opportunities and outplacement assistance, and retraining opportunities.

(b) What do you see as the parameters of the government's obligation to assist displaced federal employees in finding other employment, whether in the federal service or elsewhere?

For example, should displaced employees be offered retraining opportunities at government expense?

Should they have priority placement rights to all vacant positions government-wide for which they qualify?

James B. King
Pre-Hearing Questions
Page 16

This is a difficult question requiring a balancing of two important, but in this situation competing, interests: flexibility in hiring versus assistance for displaced employees. Retraining opportunities should be provided. Although displaced employees should be given full consideration, I am not certain whether they should be given priority placement rights. If downsizing severely affected a locality and thereby reduced other opportunities for the displaced, perhaps we should consider broader placement rights. I would like to study this issue further.

(c) There is a concern that ongoing displacement activities may have an inordinately large impact on women and minorities, since many of these persons, being among the most recently hired, will have the least seniority for retention and placement purposes. In your view, are these concerns valid? If so, what can and should OPM do to mitigate the problem?

This is a significant concern. It is disturbing to contemplate that hard-won achievements in workforce diversity would be reversed by an extensive RIF and subsequent bump and retreat. For this reason and others, a RIF should be an option of last resort, to be called upon only after more preferable options more favorable to diversity—including attrition, early retirements and buyouts—have been tried.

4. Some observers believe that former legislative and judicial personnel should not receive special entitlement to noncompetitive appointments in the federal career service, as they do under the Ramspeck Act. These observers also object to similar preferential treatment for former White House services personnel. The stated reason for these objections is that such preferential treatment is inconsistent with the spirit and intent of the merit system principles under which the federal civil service operates.

(a) What are your views on this issue? Are changes needed?

The Ramspeck Act reflects a Congressional determination of an employment policy for its own employees. Its desirability is not an issue within the scope of OPM's authority.

(b) What role do you think OPM should play to ensure that this special entitlement authority is not abused?

OPM's only role is to ensure the Ramspeck eligibles are properly qualified for the positions to which they are to be appointed, and that the positions are legitimate vacancies.

James B. King
Pre-Hearing Questions
Page 17

(c) Are there other preferential treatment categories that warrant review or attention by OPM? If so, please specify these, together with the reasons why review or attention is believed warranted.

None of which I am aware at this time.

5. A number of federal workforce issues have important Equal Employment Opportunity (EEO) considerations that will need to be addressed in the days to come. While the Equal Employment Opportunity Commission (EEOC) will, of course, play a major role in these undertakings, there are also specific areas in which OPM can play an important part.

(a) What kinds of actions do you think are necessary, in terms of OPM's EEO policy-setting and oversight roles, to ensure that OPM provides appropriate leadership to deal with the changing racial, ethnic, and gender makeup of the federal civilian workforce?

As the composition of the federal workforce changes in the coming years, diversity will become an increasingly important issue. OPM should have a leadership and oversight role in promoting workforce diversity.

(b) Considering OPM's responsibilities under the Federal Equal Opportunity Recruitment Program, what should OPM be doing to encourage and assist agencies in enlarging the pool of women and minority applicants for professional and administrative occupations, particularly at the higher grade levels? From what you know of OPM efforts to date along these lines, has OPM been doing enough in recent years?

I would prefer not to comment on OPM's actions in years past, but to focus on what it should do in the future. The primary responsibility for ensuring diversity rests with the hiring authorities. OPM's responsibility is to provide information, leadership, and oversight in this important area.

(c) The federal government currently lacks complete information on the race and national origin of its job applicants. What role, if any, do you think OPM should play in obtaining this data?

OPM has a responsibility to review and provide representation data for the federal workforce in a manner that is both accurate and helpful to the hiring managers.

6. At the series of Committee hearings on the "Glass Ceiling in the Federal Agencies" held in 1991, the GAO stressed the need for OPM and the EEOC to work together

James B. King
Pre-Hearing Questions
Page 18

on issues concerning the underrepresentation of minorities and women in key position in the federal workforce.

(a) What are your views on the glass ceiling in federal government?

It exists. Although shattering appears more frequent in recent years, much more needs to be done. Opportunities for developmental training, rotation, and other career enhancements should take account of this issue.

(b) What policies and initiatives will OPM maintain to correct the underrepresentation of minorities and women in key jobs and the higher grade levels?

OPM's policies governing both internal and external hiring should incorporate and take cognizance of diversity issues, particularly for the higher grades. In addition, OPM should take the lead in establishing development programs for upward mobility into the higher grades and the SES.

7. A recent GAO report, THE CHANGING WORKFORCE: Comparison of Federal and Nonfederal Work/Family Programs and Approaches (GAO/GGD-92-84, April 23, 1992), cites findings that the federal government lags far behind non-governmental employers in addressing such work/family issues as job-sharing, alternative work schedules, flexible work schedules, and leave-sharing among family members. The report largely attributes a lack of leadership by OPM for this situation.

(a) What is your reaction to the GAO's findings and conclusions? Do you agree with the GAO's assessment?

The report focuses on an area that will become increasingly important as the demographics of the federal workforce continue to change.

(b) What steps, if any, do you think OPM needs to take to address the issues raised by the GAO?

OPM must obtain and maintain a government-wide leadership role in this area. The private sector has recognized that to compete effectively for the best workers it must devise work and family programs that help employees meet their family responsibilities. This approach reflects not merely corporate altruism, but also sound business practice: in addition to their value in recruitment, these programs build employee loyalty and reduce absenteeism. OPM should provide information and assistance to agencies to help them use this management tool.

James B. King
Pre-Hearing Questions
Page 19

8. In the past, before enactment of the Federal Employee Pay Comparability Act of 1990, a number of individual executive agencies proposed their own separate personnel and pay systems for scientific and technical personnel.

An agency-by-agency "piecemeal" approach to paying scientific and technical personnel risks destroying the unified Civil Service system. In the past, OPM has opposed such separate pay systems.

- (a) Do you share this concern over a piecemeal approach to the scientific and technical personnel pay problem?

Yes. The pressure for separate pay systems reflects the frustration of managers with what they perceive to be the inflexibilities of the general schedule classification and pay systems. But a proliferation of fractionated mini-systems puts at risk OPM's ability to see that federal laws and policies are properly carried out. I hope that improvements in the classification and pay systems, combined with the use of flexible incentives provided for in FEPCA, will obviate the perceived need for separate systems.

- (b) What is your view of the special personnel and pay schedules like the Senior Biomedical Research Service?

I would be interested in learning more about how well the Research Service is working, from the perspectives of both the senior management of the Department of Health and Human Services, as well as that of OPM.

James B. King
Pre-Hearing Questions
Page 20

V. PERFORMANCE MANAGEMENT

1. A series of GAO reports have detailed chronic problems in the areas of performance management, linking pay with performance, dealing with poor performers, and providing recognition for good performance, (e.g., awards) that motivate and encourage such performance. As you are aware, OPM has government-wide leadership responsibilities in each of these areas.

(a) What do you see as the strengths and weaknesses of the federal government's current approaches to performance management generally, and to specific pay-for-performance programs such as the Performance Management and Recognition System (PMRS)? What possible approaches should OPM undertake to build on these programs' strengths and resolve their weaknesses? What modifications to PMRS should be considered when it comes up for Congressional review later this year?

Improving performance management has been one of the most intractable human resource management issues for both the private and public sectors. In the federal service, it is my impression that managers and employees are pleased with the broader awards authority to recognize individual performance and with improved manager-employee communications concerning performance. Performance appraisal is not working as well. It has been my experience that ratings are often perfunctory and sometimes inflated.

PMRS does not seem to have been successful, and appears to have been costly without being effective in improving performance. Although I need to review the issue in more detail, I cannot at this time recommend continuing PMRS. In view of its sunset in the near future, a limited-term extension might be considered until a more useful system can be put into place.

(b) Work done by GAO and others has identified a need for agencies to be given more flexibility than they currently have in designing performance management systems that will meet their particular needs. Do you agree in concept with this idea?

What role should OPM play as agencies are granted this increased flexibility?

Yes. The lesson from successful performance management projects is that performance management systems must be adapted to the organization's culture and fit into its management and work styles. Agencies should have the flexibility to tailor their own systems to support their missions. OPM's role would be to oversee

rather than to specify and to provide technical support and evaluation of these programs.

(c) One of the stated objectives of CSRA was to make it easier for federal supervisors and managers to separate poor performers from the service. Studies done in the years since CSRA's implementation show mixed results at best. Inadequate supervisory training, problems using performance standards to identify poor performance, and a perceived lack of higher-level management commitment and support have all been identified as problem areas. What steps do you think OPM can, and should, be taking to remedy these problems?

OPM could provide to managers targeted training focused on the policies and procedures required to deal effectively with poor performers. OPM could also review current statutes and regulations to see if obstacles and complexities could be reduced without sacrificing the right of employees to due process.

2. In a recent GAO survey of federal quality management efforts (QUALITY MANAGEMENT: Survey of Federal Organizations, GAO/GGD-93-9BR, October 1, 1992), many federal installations identified employee-related issues as barriers to implementing quality management. These barriers included employees not feeling empowered; lacking information and training on quality management tools and concepts; resistance to changing roles; and federal personnel regulations. Taking into account the potential importance of quality management as a vehicle for "reinventing government:"

(a) What is your reaction to the GAO's findings?

The report confirms that quality management in the federal government needs to develop further to reduce barriers and realize benefits.

(b) In your view, should OPM assume in proactive role in assisting federal managers to overcome employee-related problems impairing the implementation of quality managements or should OPM play more of an advisory role and largely leave these responsibilities to the agencies?

Successful agency quality management programs will reflect their work and mission, and should be "home-grown" by the agencies with the involvement of their employees. OPM should play a leadership role in collecting and disseminating information concerning successful quality management programs.

(c) Drawing on your knowledge of public and private sector quality management efforts, successes, and failures, what specific initiatives do you think OPM and/or

James B. King
Pre-Hearing Questions
Page 22

the agencies should consider undertaking? In framing your response please specifically address the respective roles that you envision OPM, the agencies, labor organizations, and employees themselves playing in this process.

Quality management works best when managers, employees and unions all participate as equals in designing the solutions and become committed to quality management as a tool for producing better results. Because a range of approaches may work for various organizations and one size will not fit all, OPM can only encourage, but not prescribe, quality management. Training will be required to introduce and strengthen quality management programs, and OPM should be a resource in this area.

(d) As you know, the Federal Quality Institute (FQI) is a part of OPM. Given the Administration's expressed objective of making the government more responsive and effective, do you envision an expanded role for FQI? If so, in what ways?

If confirmed, I would review the role of FQI to see if it should be expanded or made more effective.

3. Some experts in quality management believe that too much emphasis is being placed on individual employee performance appraisals and recognition based on individual performance. These experts feel that group performance awards and recognition are far more meaningful, given that the role of individuals in organizational successes can frequently be difficult to accurately assess.

(a) Do you share these views? Why or why not?

(b) If you believe that changes are, in fact, needed, what would you change and how would you accomplish these changes?

Group performance awards may be effective for some work groups and merit consideration where they will be effective and accepted by employees. This is another instance in which individual organization culture and mission may be the determining factors. I would like to review in more detail how group awards can deal effectively with poor performance.

4. In response to a requirement established in the 1990 Pay Reform Act, the Office of Personnel Management completed a report for Congress entitled Investing in Federal Productivity and Quality. The November, 1992 report emphasizes defining program missions, customer satisfaction, and the necessity for significant strategic planning. It also concludes that organization layers should be reduced and managers and employees should be provided with greater authority to accomplish agency missions.

James B. King
Pre-Hearing Questions
Page 23

- (a) What is your reaction to the recommendations contained in the report?

I endorse the report's emphasis on moving from control by regulation to accountability for performance, its recognition of the importance of customer service, and the need develop flatter organizations that give front-line managers and workers greater authority to get the job done.

- (b) What steps will you take to implement these recommendations?

OPM could lead by example. If confirmed, I would review OPM's management hierarchy to see if we could do our job better with fewer layers of management.

James B. King
Pre-Hearing Questions
Page 24

VI. DOWNSIZING THE FEDERAL GOVERNMENT

1. As the federal government downsizes in response to the President's directive that the civilian work force be reduced, and as the Department of Defense continues its base closings and force reductions, a variety of human resource management problems will need to be tackled.

(a) What do you see as the key human resource management problems that federal agencies and the federal workforce will face over the next several years?

Downsizing is occurring at a difficult time. Worker turnover is low and alternative private-sector jobs are not plentiful. As we downsize, we need to be mindful of maintaining employee morale, ensuring that we have capable workers to fill critical needs, and not reducing our commitment to diversity.

(b) What role do you think OPM should play in addressing each of the problem areas you identified above?

This is a challenge that agency managers must undertake themselves. OPM can advise the agencies concerning their options and their respective consequences, but cannot prescribe a strategy for individual agencies.

2. As employment opportunities shrink throughout the government, the number of opportunities for agencies to accomplish workforce diversity objectives, such as affirmative action goals, will likewise be reduced.

(a) In what ways could, and should, OPM assist agencies in accomplishing workforce diversity objectives under these circumstances?

OPM can encourage agencies to use downsizing techniques that support diversity and may actually create opportunities for promotion, such as early retirements and buyouts. In addition, OPM should encourage agencies to emphasize hospitable work environments, such as flexible places and schedules, that encourage diversity within the context of the "workplace."

(b) What actions would you recommend that the agencies themselves take to continue making progress toward accomplishing workforce diversity? For example, will the objectives themselves need to be modified?

Agencies must determine their diversity objectives individually, based on their specific needs.

James B. King
 Pre-Hearing Questions
 Page 25

3. Depending on their particular circumstances, different federal agencies may resort to alternative means of downsizing their workforces, such as hiring freezes and downsizing through attrition, obtaining "early optional retirement" authority from OPM, and/or offering cash buyouts to encourage voluntary departures. In some instances, however, involuntary processes, such as furloughs and reductions in force (RIF) may well become necessary.

(a) In your judgment, are the existing managerial tools adequate to deal with the various human resource management issues relating to downsizing? Please frame your answer with respect to each course of action you see as currently available to agency management.

I cannot predict for any individual agency whether attrition and current managerial tools will be adequate to meet its goals without RIF's. OPM should encourage agencies to use other options, with RIF's only as a last resort. Other options which could be considered include: (i) expanded early retirement authority; (ii) expand buyout authority; and (iii) improved displacement assistance, as discussed above.

(b) What (if any) specific changes to the existing furlough and RIF processes --- whether legislative, regulatory, or administrative --- do you think would be helpful to facilitate the downsizing process, and on what factors do you base this view?

I disapprove of furloughs. They are symptomatic of management's failure to plan and unwillingness to make hard decisions. As I mentioned above, RIF's are a strategy of last resort. I would need to review all of the implications of revising the RIF process---for the employee, the agency, and the public---before making a recommendation.

4. Some observers believe that it is unrealistic to expect to accomplish the downsizing of the federal workforce through attrition alone. These observers note, for example, that attrition does not always occur in areas where staff losses can be sustained without serious detriment to the program areas involved. That is, employees "whose services can be spared are not the only ones who leave, the result being that some vacancies occurring through attrition will ultimately have to be filled. Assuming that you agree in whole or in part with this assessment, what should OPM and the agencies do to ensure that bona fide, critical-need positions are filled while overall downsizing continues to take place?

Agencies are in the best position to make this determination about which positions must be filled behind departing employees. Agencies should be responsible for determining which positions are most critical and which can be left unfilled or abolished. For this reasons, I would not support an across-the-board hiring freeze.

James B. King
Pre-Hearing Questions
Page 26

VII. THE SENIOR EXECUTIVE SERVICE

1. Drawing on your knowledge of the expressed intent of the President and Congress in creating the SES, as well as your own views, please assess the current state of the SES. In framing your response, please comment on each of these issues:
 - (a) The SES program's most significant successes and failures since its creation in 1978;
 - (b) The specific attributes of the SES program that have proven to be improvements over the previous "supergrade" arrangement and those that have proven to be less effective; and
 - (c) Administrative and/or legislative modifications that you see as necessary or desirable.
 - (a) The successes of SES include the following: (i) the bonus system permits tying compensation more closely to performance; (ii) creation of a unified system has fostered a sense of identity among senior managers; and (iii) permitting increased flexibility and more decentralized management. The disappointments of the SES include the following: (i) inability to achieve the executive mobility envisioned, perhaps because a significant number of SES positions require special skills rather than general management ability and agencies are reluctant to hire from the outside; and (ii) failure to achieve adequate representation of groups underrepresented at the executive level, although progress has been made.
 - (b) The creation of a government-wide system for executive management is an improvement over the previous variety of separate systems.
 - (c) Before recommending any administrative or legislative changes in the SES, I would review whether shortcomings could be remedied by OPM's exercise of greater oversight in the administration of SES by the agencies, and agencies' improved management of the current system.
2. Data published in OPM's reports on the government's Senior Executive Service (SES) indicate that, in the years since the creation of the SES, only a very small number of SES members have been found to have performed sufficiently poorly to warrant their removal or demotion from the SES. Similarly, government-wide data on SES performance appraisal scores and re-certification activities indicate that only a very small number of executives ever receive ratings of less than "fully successful," or fail to earn re-certification. One possible explanation for these findings may lie

James B. King
 Pre-Hearing Questions
 Page 27

in the inability of the current SES performance appraisal and re-certification processes to successfully identify poor performers.

(a) What is your reaction to these data?

The data appear to show that the performance appraisal system is not working well. Although poor performers may be receiving inappropriate ratings, SES members are a carefully-selected group, and it should not be unexpected that most are performing well.

(b) How would you go about determining if there are, in fact, problems with the existing executive performance appraisal and re-certification processes?

The focus of senior executive performance management should be the performance appraisal system. Agencies should give attention to improving performance standards and the ratings process. I have not been able to determine that re-certification contributes significant added value and I would consider recommending that it be abolished.

(c) What remedial approaches might you undertake if your inquiry established that the problems lay not with the structure of the SES performance appraisal and re-certification processes themselves but, rather with the ability and/or willingness of top agency management to effectively use them?

Senior managers should be held accountable for their use of the performance appraisal system. If they are unable to use it effectively to manage the executives who report to them, this inability should be reflected in their own performance appraisal.

3. Career senior executives play a critically important role in the management of all of the federal government's programs in every agency. Accordingly, it is vital that the government have ready access to an adequate source of highly-qualified and talented persons to assume executive-level responsibilities as current executives complete their federal service careers and leave.

(a) What role do you envision for OPM in the realm of succession planning to replace departing executives, and what role should the agencies play?

Because many retirements are expected in 1994 and thereafter, OPM and the agencies must focus on succession planning and candidate development. OPM can provide data on retirement eligibility and technical information on succession

James B. King
Pre-Hearing Questions
Page 28

planning. The agencies must determine likely turnover and be active in creating candidate development opportunities.

(b) What specific kinds of activities and programs should OPM and the agencies consider as they look toward agencies' future executive resource needs? What do you see as potential sources of executives that may not have been fully utilized in the past?

OPM can encourage the agencies to improve rotation of potential executives into assignments that will allow the agencies to determine if they are potential executives, particularly women and minorities. In addition, agencies could more often consider candidates from other agencies or from outside government.

(c) In your judgment, is the SES currently seen as an attractive employment alternative to persons not now in the federal service? Why or why not?

What steps can OPM and the agencies take to yet further enhance the attractiveness of the SES?

I cannot speak generally to this issue. I hope that the Administration's emphasis on giving federal employees the authority to do their jobs better will enhance the attractiveness of the federal service. OPM can keep senior executives informed and manage the Presidential rank awards program. Agencies can use the pay flexibility afforded by FEPCA to motivate its best executives.

VIII. OPM INTERAGENCY TRAINING

1. Many federal agencies look to the interagency training courses offered by OPM to provide specialized training for their personnel specialists, supervisors, and managers. OPM relies to a great extent on outside contractors to present its classroom training courses, although OPM staff reportedly oversee the course design, curriculum and content.

What kinds of quality controls do you think should be in place to ensure that the contractors OPM uses are competent, effective, and well-versed in their subject matter?

Effective quality controls are critical to obtaining the best value from outside contractors. Competitive bidding and performance standards with teeth are essential.

James B. King
 Pre-Hearing Questions
 Page 29

2. What evaluation techniques (other than participant feedback forms, which have limitations) should OPM employ to ensure that sponsoring agency needs are being met, and that agency employees completing OPM training return with the skills and knowledge necessary to do their jobs?

Evaluation of the effectiveness of training is difficult to measure. We need to measure actual changes in employee performance, and must rely on their managers to use training as a tool to achieve organizational objectives.

3. Some agency officials believe that OPM training course enrollments are unduly costly, thereby discouraging agencies from expending their limited training funds on OPM training. One former OPM official has suggested that this situation may be attributable to unduly large overhead and administrative costs.

How would you go about determining whether there are, in fact, excessive overhead and administrative costs which could be trimmed without material impact on training quality, and what would you do about remedying these problems if you found them?

OPM training should meet the test of the marketplace and be funded, to the extent practicable, by fees from users.

4. What steps would you take to ensure that course tuition rates accurately reflect the real costs of providing the training? What cost containment measures do you see as appropriate to ensure that OPM's interagency training programs are operated in a cost-effective manner on an ongoing basis?

As discussed above, OPM's training should be paid for by the users and subjected to the discipline of fee for service. In addition, I intend to review the location of OPM's training facilities to see if costs to the agencies can be reduced.

James B. King
Pre-Hearing Questions
Page 30

IX. FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM
ADMINISTRATION

1. OPM is charged by law with administering the Federal Employees Health Benefits Program (FEHBP), which covers some nine million federal employees, annuitants, and dependents at an annual cost of some \$16 billion. A 1992 GAO study of FEHBP operations (FEDERAL HEALTH BENEFITS PROGRAM: Stronger Controls Needed to Reduce Administrative Costs, GAO/GGD-92-37, February 12, 1992) indicated that some of the health benefits plans offered under FEHBP are being operated less efficiently than others. GAO concluded that OPM had not taken steps it could have taken to improve program efficiency and reduce administrative costs.

(a) What is your reaction to the GAO's findings and conclusions?

(b) What specific steps do you think are needed to improve the FEHBP's program efficiency and to reduce administrative costs?

I concur with GAO's conclusion that the FEHBP should reduce its administrative costs. OPM is actively participating in the Interagency Health Care Task Force Working Group concerned with integrating FEHBP into a new health care system.

FEHBP should be part of the new health care system. Once the manner of that integration has been determined as part of the President's health care program, we will know what steps will be required for FEHBP.

2. A report by the Congressional Research Service entitled The Federal Employee Health Benefits Program: Possible Strategies for Reform (House Post Office and Civil Service Committee Print 101-5), identified several significant problems in the design of federal employee health benefits, concluding risk segmentation, premiums in excess of benefit values, and a lack of design standards which put employees at risk of making an uninformed decision. What steps should be taken to remedy these problems?

The CRS findings should be considered as part of the Interagency Health Care Task Force.

James B. King
Pre-Hearing Questions
Page 31

X. FEDERAL LABOR-MANAGEMENT RELATIONS

1. A July 1991 GAO report on the federal government's labor relations program (FEDERAL LABOR RELATIONS: A Program in Need of Reform, GAO/GGD-91-101, July 30, 1991) found compelling evidence that the program was not working well, and that it had not achieved its statutory objectives. For example, more than three-quarters of labor relations experts GAO interviewed --- including many from federal agencies and their unions --- were critical of the slow and complex nature of the collective bargaining and dispute resolution processes. GAO concluded that the problem with the program were so systemic and widespread that comprehensive reform --- a wholly new program --- was needed.

What is your reaction to the GAO's findings?

Federal labor-management relations have historically been adversarial and lacking a sense of common interest. All too many managers have had a sense that federal labor unions are interlopers and troublemakers. Labor, feeling left out, has done whatever it believed was effective to get the attention of a too often hostile and recalcitrant management group. All too often this has left us with little to show but confrontational attitudes. As a result, we have often had a climate in which the customer becomes remote as both sides are preoccupied with their internal disputes. I believe that this must change, and that this is the time for change. The parties understand that the current state of affairs serves no one's interest. If confirmed, I would look forward to working with all of the parties in this important area.

2. Recognizing that the Federal Labor Relations Authority plays a major role in this area, what role do you think OPM should play in modifying and, if necessary, overhauling the existing program? What specific changes, if any, would you support?

Although OPM has a management perspective, it should encourage all parties to work together to improve labor-management relations. I would not unilaterally impose change.

3. What do you see as an appropriate relationship between federal agencies and the unions representing their employees? Do you see an expanded role for the unions insofar as the existing scope of bargaining is concerned?

If so, in what specific program areas?

James B. King
Pre-Hearing Questions
Page 32

Unions and other employee representatives must be actively involved at all levels, especially in quality management programs. OPM should respect unions' legitimate role as advocates for their members.

XI. RELATIONS WITH CONGRESS

1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress or its duly authorized agents, if confirmed?

Yes.

James Barton King
 Committee on Governmental Affairs
 Additional Questions
 Page 1

**QUESTION FOR JIM KING,
 NOMINEE FOR DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT
 FROM SENATOR JOSEPH I. LIEBERMAN**

As you may know, the State of Connecticut has filed suit against the Federal Employees Health Benefit Plan (FEHBP). The suit came about as a result of action taken by the Office of Personnel Management (OPM) to instruct its FEHBP carriers not to pay a state-required assessment into an uncompensated health care pool administered by the Connecticut Commission on Hospitals and Health Care. That pool was organized in late 1991 to redistribute funds in such a way as to ensure that hospitals which serve a high-volume of low-income and indigent patients can cover their uncompensated care costs. The uncompensated care assessment takes the form of an item on patient bills which is then paid by third-party payors. However, the uncompensated care assessment did not increase the total charge for care. It simply identified as a separate item on the bill the cost for uncompensated care, which had previously been incorporated into the bill as an addition to hospital fees (including those fees previously charged to patients enrolled in FEHBP plans).

Apparently, there is a difference of interpretation of 5 U.S.C. 8909(f) regarding the scope of the preemption of state taxes for FEHBP. I understand that prior to the filing of the pending lawsuit, representatives from the state met with OPM staff in an attempt to work out a resolution to those differences. Unfortunately, I understand that those efforts were fruitless.

In the meantime, OPM's refusal to pay the assessment has put Connecticut's pool in serious jeopardy. Furthermore, federal beneficiaries in my state are now at risk of credit problems due to unpaid items on their bills. This situation cannot continue, and deserves immediate resolution.

Will the Office of Personnel Management, under your leadership, consider reexamining its position on this matter, prior to any further action by the Court, in order to come to an agreement with Connecticut regarding how FEHBP carriers will pay the state's uncompensated care assessment?

I am not familiar with the details of the pending action. As a matter of policy, I do not comment on matters currently in litigation. I clearly hear your concern in this matter, and I understand that a decision is expected in the near future. As soon as this matter has cleared the courts, OPM would, of course, comply at once with the court's determination.

James Barton King
Committee on Governmental Affairs
Additional Questions
Page 2

SENATOR WILLIAM V. ROTH, JR.

ADDITIONAL QUESTIONS FOR JIM KING

1. In response to a pre-hearing question you state: "The President wants to make government more responsive, less costly, and more effective. We cannot change how the federal government works without changing how federal employees are hired, classified, promoted, and evaluated." I agree that personnel reform is critical to providing a federal government that is more efficient and responsive to the American people. In what specific ways should we change how employees are hired, classified, promoted, and evaluated?

Concerning hiring, two of the most important changes we could make are to reestablish respect for the public service to make a federal career an attractive option and to provide a hiring system that permits the agencies to compete effectively in the marketplace for skills. I believe that, with energy and time, we can change public perceptions. Although I am sure that we can make some improvements in hiring within the current structure, I am not sure that the current regulatory and procedural framework permits truly effective competition. I intend to take a hard look and to recommend changes where needed.

Concerning classification, I think we can improve. We should continue to look at improved classification standards and grade banding as promising approaches. We must, however, link any new approaches with real accountability for results so that the increased flexibility afforded by these systems actually produces better performance.

Concerning performance evaluation, I discuss below some of the approaches I would encourage.

2. I think we agree that performance appraisal in the federal government is not working. Yet, performance review is a critical component of rewarding those employees who do the job well and improving the performance of those who are not performing. What can be done to improve the performance appraisal process?

First, performance standards must be meaningfully related to the organization's work and mission. All too often it appears that performance standards are either abstract or not closely related to the organizations's core goals or to the service provided. Second, they must be objectively defined and fairly administered. Third,

James Barton King
 Committee on Governmental Affairs
 Additional Questions
 Page 3

managers must be held accountable for administering the system in a way that identifies and rewards truly superior performance (rather than granting generally high ratings across-the-board) and provides the employee with an honest and helpful evaluation about strengths and needed improvements.

3. Performance appraisals are critical in developing a fair pay-for-performance system. It is my understanding that you believe there should be much more emphasis on pay-for-performance. Is this a top priority for you and what steps do you plan to take?

Improving pay-for performance would be a high priority. This is a difficult and complex subject. Despite a number of excellent studies, we still have much to learn about how to design and put into place an effective pay-for-performance system for government workers that both strengthens the link between pay and performance and is cost-effective. I can outline two guiding principles upon which to approach this issue. First, pay-for-performance systems work best when they are tailored to employees covered, the type of work performed, and the culture of the organization. Second, the system will take root and flourish only when all affected parties (managers, employees, and their representatives) have had an opportunity to participate in the design of the system and feel a stake in its success. For this reason, we must take a flexible approach that allows agencies to experiment with and develop effective programs. Among the options that might be considered are more effective use of the existing General Schedule system, more effective use of the existing bonus and awards authority, and gainsharing programs. Accountability must start at the top. Supervisors must be accountable for inflated performance ratings.

OPM should (i) establish clear policy guidance to ensure adequate participation by affected parties, fair and equitable treatment, and consistency with equal opportunity obligations, and (ii) provide technical support and evaluation of programs and dissemination of information concerning successful results.

4. In the context of giving front-line managers more authority to get the job done, you state that "If confirmed, I would review OPM's management hierarchy to see if we could do our job with fewer layers of management." How do you plan to go about this review, and will you report back to this Committee the results of your efforts?

One of my earliest actions if confirmed would be to work with OPM's managers to develop a plan to meet the President's budget goals with a "flatter" organization.

James Barton King
 Committee on Governmental Affairs
 Additional Questions
 Page 4

I would hope to be able to report back to the Committee with results before the end of the year.

5. In a written response to the Committee, you state that you would consider abolishing the S-E-S recertification process, which is currently used to evaluate whether employees are performing well enough to remain in the S-E-S. It is my understanding this recertification is relatively new, having gone through just one round of evaluations. What steps will you take to first determine whether this program is working? If abolished, what would replace it to determine whether employees are qualified to remain in the S-E-S?

I am informed that during the first review only two-tenths of one percent of SES members were not recertified. The executive's performance is reviewed annually. Why must we wait three years and have an additional layer of paperwork review to document and act on poor performance?

6. In response to a pre-hearing question regarding ethical considerations in the hiring process, you stated that: "Selecting employees with the highest ethical standards must always be an important consideration in recruiting. We must be careful that ethical requirements not become unnecessarily complex or petty so that they are perceived as simply another bureaucratic hurdle." What can be done to ensure that the federal government does not go too far in its ethical requirements that we begin to lose good people simply because they do not want to go through the process?

The Office of Government Ethics has the leadership role in this matter. I would hope that the principles of clear guidance and user-friendly, jargon-free instruction that I discussed at the hearing would be considered in administering standards in this area.

7. I plan to introduce legislation soon which would reform the federal employee health program. This plan will standardize benefits to rid the system of adverse risk selection and introduce greater competition into the program. Do you believe the federal employee health program is in need of reform?

Ridding the system of adverse risk selection and the need for greater competition are important issues both for FEHB and for the health care system generally. It would be premature for me to address these issues until the President's proposal for

James Barton King
Committee on Governmental Affairs
Additional Questions ;
Page 5

health care reform has been presented in May. At that time, we can respond to these issues as they affect FEHB.

8. Even though the FEHB provides a good level of health benefits at relatively low cost to the employee, tens of thousands of federal employees elect not to participate in the program. As the largest employer in the country, the federal government is responsible for adding to the number of uninsured Americans and the cost shifting which pervades our current system. What steps do you suggest that we take to address this situation?

I share your concern about federal employees who are without health insurance. On this issue as well, it would be premature for me to anticipate steps to be taken until the President's proposal has been presented.



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